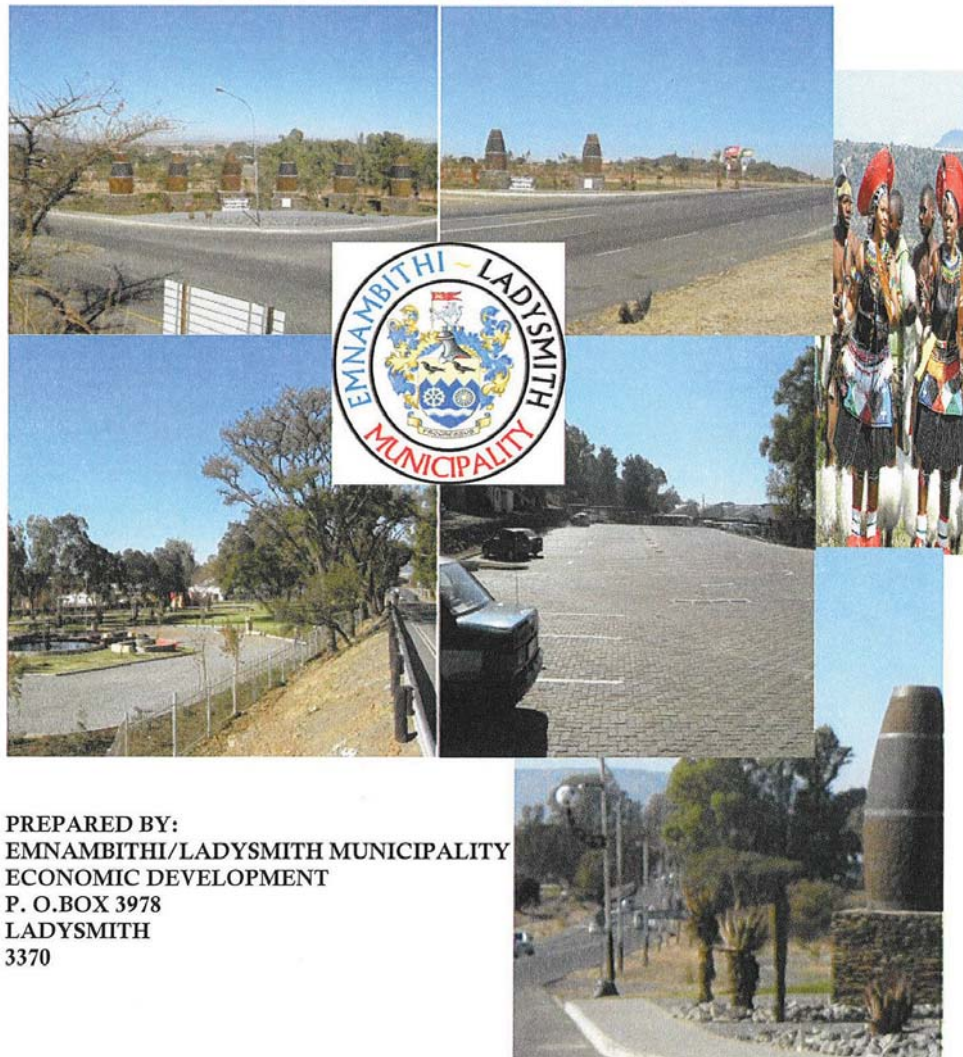


EMNAMBITHI/LADYSMITH MUNICIPALITY

2010/11 IDP REVIEW



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EXECUTIVE SUMMARY

'RESHAPING LOCAL GOVERNMENT IN SOUTH AFRICA'

The National Government paints a holistic picture in measuring whether, the lives of people are improved and local government is the local sphere that translates the vision of the national into action. It is through local government that tangible results are evident and lives of people within respective areas are shaped, improved and confidence is high. It is also the first door that ordinary citizens knock on to express concerns about any elements that touch life, be it economic or social dimension. It is also an orthodox of humanity that the very same citizens do not know about Powers and Functions of local government. The fact that Water and Sanitation is being managed by another separate sphere, whilst refuse and electricity is being billed by local government is identical to them. When there not enough health services in the particular or requires financial assistance to start new entrepreneurship citizens first approach municipalities and it is at this stage that they get directed to correct government departments or agencies. Immediately this calls for local government to approach developmental issues in an integrated manner and act as an agent that collects and coordinates the information in a friendly manner from national departments to local people. In certain instances information is not cascaded in a manner that is well understood by our local people, and/or not presented to them at all. It also happens that local people do not know about the opportunities offered by the municipality when South Africa among other countries has progressed so much in terms of public participation. The IDP approach is one that is BEST in tackling development in a manner that contains all attributes of developing and improving human life, however, this is not realised by some of other government departments. There is commonality in all objectives of government departments, that, which is to improve the lives of the people occupying the space of SA region. Even through the IDP's are developed, the reality is that they are not taken in the same spirit by other contributing and profound parties for various reasons. This means that to a certain extent development and implementation of IDP is not synergistically approached.

Over the recent months local municipalities across South Africa have witness a new era, in conducting its business from the citizens who are outraged by what appears to be poor performance of the government they trust to develop, enhance their lives and material standards since birth of the new country which respects the rule of law and democracy for all that live within such space. It has emerged through industrial actions that citizens of South Africa have lost hope in the municipalities that govern their local areas, pool of jobless have widen, poverty has reinforce itself in another form especially with the world economic situation being so lied back, the elite class having better opportunities whilst the poor are still stuck in their traditional methods of living and youth being unoccupied has resorted on engaging with criminal activities. The study conducted by Cooperative and Traditional Government states that the situation is exacerbated by local officials and councillors who are motivated by greed and poor standards of ethic. Poor performance of local government effectively means that National Sphere of government is failing the people of South African Region. People of South Africa when lambasting the local government do not take into account other contributing factors, such as the limited resources that municipalities are suffering from. These include insufficient financing of local projects that we better the lives and upgrade community skills, the equipment which is obsolete and require constant maintenance etc. Over a very long period of time rateable areas have not been paying rates, leaving municipalities with billion of Rands being owed. This is the loss of income to the municipality which could be used fruitfully in community projects. The roll out of housing projects either by small or metros for instance indicates that municipality do not have the capacity to do and satisfy all people at once.

Local citizens have become very dependent upon government to provide jobs such that an initiative from the side of the community is gradually picking up. Social capital within municipal areas that are poverty stricken seems to be low. It is alarming that, the eruption on the dissatisfaction of citizens has been demonstrated ahead of South Africa hosting the 2010 Soccer World Cup. This means that, government has to balance between priorities of communities whilst, pumping large amounts of money for upgrade and new construction of public infrastructure. To a certain extent, people who are in the pool of poverty view this taking precedent over delivering on the basic needs. This also means that people of South Africa will welcome the world whilst being unhappy about their lives at a local level. These are reasons why, the government deemed it imperative to conduct an assessment of how the political and administrative system of municipalities is being managed.

To this extent it appears that, albeit the National Government and leading political party have made commitments to the people of South Africa in general, implementation of these goals have gradually fallen to

the administration that has compromised the needs of our local people. Introduction of a Turn-Around Strategy aims to reinstate confidence among people of South Africa by making local government more efficient and effective in terms of public administration. By and large, ensure that the government does not go out making false promises that cannot be achieved through local government. This on its own vindicates the fact that, local governments in South Africa, has not been effectively accountable to its citizens and National government in terms of delivering on the mandated targets. The audit conducted by the Cooperative and Traditional Government came at the correct time to rule all elements of maladministration.

The above was just drawing on a broader perspective of SA issues. Emnambithi/Ladysmith Municipality is one of the medium sized municipalities that is also characterised with high debt rate owed individuals, high levels of unemployment, spatially unsuitably distributed pockets of areas that are slightly receiving basic services, high rate of crime, deteriorating health standards, gradually increasing young graduates without jobs. This municipality performs within specified powers and functions. This does not mean that if a required scope falls outside the powers and function of the municipality becomes irrelevant, but rather, the municipality coordinates and facilitate with the correct departments until the issue is successfully address.

THE MUNICIPAL SPACE

Emnambithi/Ladysmith Municipality is laid on the banks of UThukela River within the region of Northern KZN and bordered by the greater Drakensburg Mountains to the extreme West. This municipality forms part of UThukela District Municipality and is the main economical administration centre of the entire district. This municipality covers approximately 3000 km² of which 70% is rural with limited basic services. Within a broader context, Ladysmith is midway between Johannesburg, Durban and Free-State Province. Until the construction of Qedusizi Dam, lower parts of the Ladysmith CBD continuously experienced flooding and this part of the town lacks investments from private owners. According to the recent statistics a number of 225 459 residents are settled within the municipal area.

THE LEADERSHIP OF THE MUNICIPALITY

This municipality strives to ensure that we continuously provide good leadership politically, administratively and other ways. We present this Council on the basis of the following:

- We remain accountable to the people we govern;
- We hold high good principles of public management;
- we are guided by good objectives to see the lives of our citizens improved;
- we instil the notion of equal society;
- we respect the rule of law;
- we are sensitive towards the needs of the community;
- we maintain good integrity;
- We conduct our financials in a sound manner

THE COUNCIL

The Council is led by the Mayor: Honourable Cllr. BCP Mazibuko and complemented by 60 Councillor in addition, including the Speaker Cllr. R. Niemand and Deputy Mayor Cllr Madlala. Decisions taken by this leadership are as a result of targets they put in place in the IDP. This shows that, IDP is not considered as standard document required by the Premier of the province who is bound by the legislation. This Council structure regards IDP as a living document within which guides their decision making and business. Councillors of this Municipality respect the Code of Conduct and the Speaker always provides direction in such matters. The full Council usually meets once a month to discuss important matters. Prior to Council meetings, is the EXCO which is chaired by the mayor and sits at least twice a month with all respective councillors and heads of municipal departments.

ADMINISTRATION

Municipality consist of seven departments all led by competent managers, who provide long, medium and short term goals, coordinate the resources to in order for subordinates to execute tasks effectively and efficiently, lead and inspire the middle managers to deliver speedily with limited resources and lastly ensure that they control and remain accountable for administrative decisions taken under their leadership. One of the challenges that all these managers face is the low staff morale, which has prompted the manager Cooperate Services to acquaint other senior managers on the significance of boosting confidence of our technicians.

Further, on this management team is bound by performance contracts under the watch of the performance manager in the office of the accounting officer. Similar to other municipalities of our size, we also face shortage of resources but does not excuse the slow pace of service delivery. Four senior management posts are section 57, whilst 3 are managers reporting directly to the Municipal Manager. Out of the four section 57's two of those posts are vacant (CFO& Infrastructure), however, competent managers are currently acting to ensure continuity.

THE INTEGRATED APPROACH

Over the years IDP's in the whole province have been developed and evolved with others regarding it as a compliance documents, whilst other municipalities such as this one have analysed with an intension to put IDP into action through which tangible results could be observed by the communities. From the commencement and submission of IDP's to the Premier's Office, we have always received an assessment report touching on areas of concern and at times commending municipality for good initiatives demonstrated during the review cycle of the upcoming IDP. The IDP 's in general in the entire province will not improve without such comments and the Province is commended for this continuous capacity building. During this year, Council carefully analysed its strategy when approaching IDP and as such arrived at the following as an ideal approach:

- Go out on community workshops to gather data in terms of what affects community the most over and above what was contained in the IDP of 2009/2010;
- Community to select what has become a priority given the circumstances, particularly in view of the World economic crisis;
- Give a projection of what will be cost to Council on each project identified by the community;
- Capture all of the above in a friendly format which is easy to interpret;
- Conduct a SWOT analysis for each department in the municipality to verify feasibility of establishing and maintaining the project;
- Make comparison of the projected costs against Strengths and Opportunities of each Department;
- Make submissions and discuss with sector departments on funding projects and roles to be played
- Prioritise Projects that can be funded through municipal budget immediately before the end 2011
 - Those that are beyond 2011;
 - Appraise the community through public participation

Prior to the approval of the IDP, the following structures meet to discuss it in detail. Council in terms of the legislation is the structure that is entrusted with the responsibility of IDP approval. Our municipal IDP is then fed to the District IDP to give the holistic view. It is the same IDP that coordinates and link spatial information with non-spatial data in a single and user friendly presentation.

SERVICE DELIVERY MATTERS

The SWOT analysis compiled per departments tells us where we stand as the municipality, the opportunities and potential we have to coordinate all that is necessary in order to achieve the goals that we have put in place to better people's lives. When tackling issues of service delivery which are core and fundamental, we strive for excellence and speedy response. We therefore make seven careful commitments specified as follows:

“By 2021, Emnambithi/Ladysmith will be KZN’s vibrant, industrial, commercial, trade and tourism inter-link, where all residents enjoy a prosperous, caring, safe & secure environment which promotes cultural diversity.”

COMMITMENT NUMBER ONE

“Providing compacted, integrated and sustainable living human settlements offering better and equal opportunities to all society within the municipal space”

THE GUIDING PRINCIPLES:

- To abolish legacy of apartheid through compacted and integrates human settlements;
- To ensure that the utilisation of land resources is planned and implemented in an organised manner to meet the present and future generation;
- To guide and direct land uses in a harmonious manner;
- To facilitate efficient public transportation network system;
- To establish and influence the growth trends of the CBD;
- To maintain and enhance pedestrian linkages to and from public transport installation;
- To help residents to enter the housing markets;
- To establish character for precincts and streets through landscaping and appropriate built form controls;
- To promote new and existing developments embracing new urbanism
- To treat land as scarce resource which the future generation must enjoy;
- To retain the ecological integrity;

COMMITMENT NUMBER TWO

“Ensuring safety and secure environment for all and also promote social justice”

THE GUIDING PRINCIPLES:

- To promote safety while travelling on Municipal Roads and Pedestrian Paths;
- To enforce the Law within the area of jurisdiction;
- To protect the public from natural and man-made disasters;
- To ensure the security of staff while working in the premises of the municipality;
- To implement and monitor effective security system

COMMITMENT NUMBER THREE

“Develop a people focused and cost effective environment while addressing unemployment and poverty through promotion of agriculture, commercial and industrial productivity, education, skills development, tourism and conservation”

THE GUIDING PRINCIPLES:

- To promote skills development within our society as a whole;
- To ensure economic growth by bringing and sustaining investment within our region and creating an enabling environment;
- To promote Broad-Based Black Economic Entrepreneurship;

- To alleviate poverty through initiatives that target vigorously pockets of areas that are still trapped in the pool of poverty within the municipal area;
- To boost investor confidence through several initiatives;
- To bridge the gap between the first and the second economy;
- To trap and ensure that the economy made in our area does not escape this region;

COMMITMENT NUMBER FOUR

“Invest on the development and maintenance of infrastructure through Municipal Initiatives that meets built environment standards as a path to have Emnambithi/Ladysmith Municipality to be a vibrant, industrial, commercial, trade and tourism interlink, where all residents enjoy a prosperous, caring, safe and secure environment which promotes cultural diversity”

GUIDING PRINCIPLES:

- To implement projects by making use of limited resources with the funding provided within the stipulated time frame placing emphasis on providing the local communities with quality services that will contribute in improving their quality of life.
- To ensure that the building environment conforms to all legislative requirements.
- To take necessary action to encourage compliance within the built environment in order to ensure that Emnambithi/Ladysmith becomes a vibrant, industrial, commercial, trade and tourism interlink, where all residents enjoy a prosperous, caring, safe and secure environment, which promotes cultural diversity;
- To provide infrastructure that is of structural integrity;
- To pushed back all frontiers of poor infrastructure to promote a safe environment;
- To maintain public infrastructure as a valued asset of public;
- To protect our natural environment to equally benefit the future planning;

COMMITMENT NUMBER FIVE

“Foster Institutional Transformation whilst ensuring proper asset management of the entire municipality through various initiatives and according to standards approved by the Auditor General”

GUIDING PRINCIPLES:

- To value assess as the municipality;
- To register all assets of the municipality in the asset register
- To ensure that asset register is compliant with GRAP Standards;
- To update the asset register when and if required;
- To protect and develop our municipal resources be it physical, financial, human, information;
- To conserve and take pleasure in our natural resources so that generations in future can benefit;
- To intensify internal operating measures and level of standard through auditing section;
- To enhance municipal operating system through Information Technology;
- To bridge the digital divide between communities;

COMMITMENT NUMBER SIX

“Cooperative Governance with a view to realise the strength of integrated planning”

GUIDING PRINCIPLES:

- To contextualise the meaning of *“DEVELOPMENTAL GOVERNMENT”* within the local area;
- To take local government to the people on the ground including poorest of the poor;
- To reaffirm the standards of good public management and run municipality with integrity;
- To implement national political directives;

- To render services according to the municipal service charter;
- To account for all decision making process undertaken within the municipality;
- To move all frontiers serve to divide society with a view to bring social equity;
- To ensure that the voice of the marginalised within the society is heard;
- To foster cooperative governance across all sectors of government;
- To run a clean government that is responsive to people's need;
- To respect the rule of Law to be superior;

COMMITMENT NUMBER SEVEN

“Provide an efficient and effective financial and consultancy service to Management to assist in enabling them to effectively manage the process of delivering services in a transparent, sustainable and cost effective manner, thus contributing to improving the quality of life to the community of Emnambithi/Ladysmith.”

GUIDING PRINCIPLES:

- To run this municipality with financial integrity;
- To account for all monies and expenditure of this Municipality;
- To expand the municipal rate base as a source of income;
- To collect all monies due to Council which will increase the budget;
- To provide budget that is sound, balanced, responding to IDP priorities ;
- To conduct financial matters according to Standards prescribed by the National Treasury;
- To strengthen all internal operating system to address queries and opinions of the Auditor General;
- To strive to obtain a clean Audit Report;
- To give all necessary support to internal Auditors;

HIGHLIGHTS OF THE YEAR 2009

LOCAL ECONOMIC DEVELOPMENT

Meaningful progress has been made on the aspect of local economic development within EL municipal space, however, previously on the IDP these achievements have not been recognised. It is important to mention this kind of information within the IDP to help officials measure progress made on strategies so as to quantify the degree of public investment injected in particular local areas. Trading centres were established during the calendar year of 2009 in line with the strategies set in this IDP. Municipality injected substantial funding to establish and prepare these trading centres to be functional such as fencing and getting buildings fitted with necessary services to aid users of the facility. Centres were established in 4 different sites consisting of deteriorated buildings which are currently owned by municipality and are sub-let to the group of cooperatives and SMME's at a minimal charge. Users are expected to maintain these properties and pay monthly service charges, i.e. electricity and water as well as rental. These cooperatives settled in these centres have been trained by the municipality in the LED Section where established their businesses in different premises.

It was a prestigious period that, this Council managed to attract at least 3 factories to operate from our established industrial zones. A company called Evertrade settled within Ithala Industrial Estate located on the outskirts of Ezakheni Township. The total value of this factory is R45m and employs approximately 60 people. The second factory established was PTT Construction which specialises in manufacturing of concrete slabs and has provided 100 jobs to Ladysmith locals. The Natal Pepper is a third company and has settled in the Ithala Industrial Estate and processes sweet chillies. This factory temporarily employs 600 people for a six months period on a yearly basis. It was encouraging for this Council that irrespective of the global financial meltdown, it managed to attract factories and provide jobs to people. On the aspect of industrial development, Council has been pro-active and embarked on a partnership with Transnet to revive the use of Logistic Hub. This structure is laid on 10ha property and covers 18000m² under roof, with a use being abandoned. As part of the business return-ship initiative a total number of 25 factories were visited during a calendar year of 2009. In these friendly visits a number of issues emerge that are of consent to industrialists and commercial owners. Minutes from these visits are taken and streamlined to various departments to execute. It was also of particular interest that this municipality also facilitated at least two business breakfast meetings, of which one was for all the sector departments and the other for investors where also the TIKZN was present.

Furthermore, this Council believes in capacitating its local people, which is why the Siyazenzela programme was initiated and had been a great success so far. Council partnered with the Department of Transport (DOT) who was piloting this project in several municipalities. On the commencement of the project, DOT contributed R500,000.00 to kick start the scope to be undertaken. This is in line with international initiatives on sustainability issues. People, who benefited from this project, were selected from the pool of poor and unemployed people. Span of the pilot project according to DOT was 12 months, and with the enormous performance of the whole project in its entirety, Council has extended life span as well as the scope of the project. This project is now financed through municipal budgeting and waste is collected in more areas than when the project commenced. Domestic waste is collected all these beneficiaries on a daily basis (Ward 6,7,9,10,20,11,13,14,15,18,22) and deposited in a central place where it is collected by municipality and disposed in the municipal land-fill site. Waste generated from the residential properties is collected using municipal truck and people are reimbursed with food parcels amounting to R700.00. Council budgets R1,2m on each financial year to run this project.

INFRASTRUCTURE DEVELOPMENT

Public Investment

Having observed the general pattern regarding an outcry from residents of Ezakheni during IDP meetings on community facilities particularly recreational, as well as Spatial Development Framework which identifies this area as Recreational Node. Through MIG funding as well as complementary grants from Sports and Recreation Department this municipality managed to establish Ezakheni Sports Ground measuring 8000m² in extent. Furthermore, a cricket pitch as well as the athletic pitch is underway within Ezakheni Recreational Node. These facilities will not only cater for the Section D, but the whole society of Ezakheni and the surroundings that wish to make use of it. From this going forward it will be unnecessary for this society to travel 30 km distance and pay expensive bus/taxi fares to make use of community facilities. It is a general trend across all spectrums that our youth has resorted to criminal activities given the prevailing situation of unavailability of jobs, inadequate community facilities and change in lifestyle in general. It was this kind of

pertinent information that was entrenched in the business plans to solicit funding to finance this community infrastructure. Council managed to achieve this with the assistance of sectors that we have partnered with. Sports and Recreation Department injected approximately R3m for establishment of a soccer field whilst LOTTO contributed R1,2m for cricket ground. Through MIG funding of R20m construction of a swimming pool (25mX50m) and indoor sports complex measuring 2000m² is underway. This achievement just on the infrastructure development alone has been exceptional performance as far as this Council is concerned. This public investment injected into this area will completely uplift the appearance and general amenity of Ezakheni as part of Town Regeneration Strategy.

In view with the Operations and Maintenance Budget, Council renovated various Sports grounds located in urban areas. Furthermore, installed security fence and irrigation system (limit hill sports ground, Kandahar, Agra cricket ground, acaciaville). As part of service delivery, Council came with a strategy of establishing mini parks in townships with rural areas to follow suit as well in the upcoming financial year. To this end 7 mini-parks have been established in various township wards. Parks entail fencing, playing equipment and grass. Guided by the notion of social equality, Council extended the digging services to also cater for the rural areas.

Private Investment

As part of Ezakheni Township Regeneration Strategy aimed abolishing the legacy of apartheid by transforming this area to embrace character and appearance of modern urbanity, Council swapped land with Ntokozweni Developers who then partnered with Mc Commit Property Developers to establish a human-scale shopping complex with a view to trap residents of Ezakheni and surroundings from travelling greater distances to do shopping. This initiative was welcomed by the National Treasury who then pumped R63 million to this Council for both planning and capital projects that must be done for Ezakheni Township. Substantial work has been done to prepare the site for the proposed local mall. To this end the developer has managed to secure anchor tenants and Council awaits building plans. Construction is said to commence in July this year and will take 10 months before the complex is operational. Opportunities to sustain this mall prevail to be great according to the market research studies compiled by the developers. The shopping complex will be laid on a 3ha property and covers 17000m² under roof. Council made it a point that our SMME's also benefit from this establishment and signed a contract with developer to reserve a small portion of site for SMME trading. Over and above that obligation on the side of developers they are also expected to train and employ local people to work in the local mall.



At this stage Council is still on the planning phase in respect of the Neighbourhood Grant and as part of the Regeneration Study has identified several projects such as linking Road from Ezakheni to Ladysmith town to reduce travelling time, landscaping to give the area latest features of urbanity, parks and pedestrian paths to foster connectivity and ease of movement.

GOVERNANCE MATTERS

In line with strengthening functioning of Ward Committee's Council is expected to approve a draft framework Ward Committees. Assistance of these Ward Committees has become profound to this Council and as such they hold bi-monthly meetings in all 25 wards and this is coordinated and facilitated by the municipality. Reporting of Ward Committees is frequent in the Office of the Speaker, who identifies shortfall and suggest improvements. In total 250 Ward Committees received cell phones which are loaded with airtime for ease of communicating. Not all does Council end there, but has adopted a strategy of cutting back on municipal expenditure as much as possible and bring more to this Council. Through the IT initiatives it has bridged the digital divide by issuing All Councillors with laptops to receive agendas, which was consuming bundle of papers. Councillors, now have an advantage of send emails to the administration, without travelling greater distances to communicate with office of the municipal manager. Reception, is however, a challenge in some local areas that are of geographical poor reception. Councillors, through emails managed to participate effectively in the road shows regarding alteration of municipal boundaries, where they were given maps in time to evaluate the changes and project implications. At any point in time Councillors will have this information handy. It is encouraging on this Council's perspective that this municipalities is one of those that has completed the demarcation process.

CHAPTER ONE: INTRODUCTION

Developing this IDP was informed by first and for most the following important developmental mandates but certainly not limited to these. There is a lot of developmental directives aimed at transforming and building united nation that all spheres of government have done.

1.1 AT THE NATIONAL LEVEL

The State of the Nation Address (SONA)

This is the vision of the our Country and can only be achieved if municipalities at the local level understands and implement necessary programmes and projects. During this year it recognises privileges of South Africa as a hosting country for the Soccer World Cup for the first time. A lot of funding has been pumped towards infrastructural development and maintenance in preparation of this "2010 South African World Cup". This Council is also positioning itself to be ready to entertain the locals by mounting big screens as part of fun parks. Council is also very mindful not to alienate the residents from rural areas and as such considering mounting the big screens in areas that are within the close proximity to rural areas, so that even the poor people witness this big event. Following is some of the Key points extracted from the State Of The Nation Address.

"Over the next three years government will spend R846 billion on public infrastructure. On transport, we will maintain and expand our road network. The most urgent focus of policy change must be interventions to create jobs for young people. Unemployment rates for young people are substantially higher than the average. Municipalities must improve the provision of housing, water, sanitation, electricity, waste management and roads. Government is already working on the development and implementation of a public service development programme, which will set the norms and standards for public servants in all spheres"

The Budget Speech

Budget Speech as well painted a picture regarding S.A. standing of financial matters. It was delivered during a difficult period and aims to give an overview on how SA will gradually pull itself out of the global financial crisis by adopting a new growth path.

"Unemployment remains far higher than in any comparable country in the world, and as a consequence poverty is widespread, and we now have world-record levels of inequality. It is essential that we urgently adopt a completely new growth path to transform our economy into one based on labour-intensive industry and one that meets the basic needs of our people."

This budget outlines several aspects of a new growth path for our country:

1. A concerted effort to reduce joblessness among young people
2. Support for labour-intensive industries through industrial policy interventions, skills development, public employment programmes and a rural development strategy.
3. Sustaining high levels of public and private investment and raising our savings level.
4. Improving the performance and effectiveness of the state, especially the provision of quality education and training at all levels.
5. Reforms to increase inclusion and participation in the labour market, alongside efforts to improve competition in product markets.
6. Keeping inflation low, striving for a stable and competitive exchange rate, and providing a buffer against global volatility.

7. Raising productivity and competitiveness, opening up the economy to investment and trade opportunities that can boost exports. We need to produce the goods and services that other people desire to have; that we can export to the rest of the world”.

National Spatial Development Perspective

National spatial development has been encapsulated in a number of policies. These policy directives aim to transform the economic and spatial development of the country. Moreover, the government has introduced the Accelerated and Shared Growth Initiative for South Africa (Asgi-SA), which aims at halving poverty and unemployment by 2014. This is to be achieved in two phases i.e. phase 1 (2005-2009) aims at achieving an average GDP growth of 4,5% per annum and phase 2 aims at achieving a minimum of 6% GDP growth per annum.

The need to create more integrated and sustainable urban and rural areas, thus contributing to spatial transformation, was articulated in the Development Facilitation Act of 1995 (Act 67 of 1995), which assisted in improvement of land development and planning in South Africa. The National Spatial Development Perspective (NSDP), on the other hand, serves as a spatial expression of the national development vision. It provides a guide to meet the government's aims of economic growth, poverty alleviation, employment creation, improved service delivery and eradicating historical inequalities such as spatial distortions. It recognizes the important role of cities in the national economy, and identifies them as focus areas for government investment.

It seeks to address three fundamental issues, namely:

- Identification of strategic areas where government should direct its investment initiatives so as to achieve maximum and sustainable impact;
- Creating forms of spatial arrangements that are conducive to the achievement of the national objectives of democratic nation building and socio-economic inclusion; and
- Taking the government beyond the rhetoric of integration and coordination and start putting into place clear procedures and systems for achieving these ideals.

As indicated on Figure below, it introduces a set of normative principles and maintains the following:

- That sustained economic growth is a pre-requisite for poverty alleviation;
- That government spending should focus on localities of economic growth or with potential for economic growth;
- It adopts a clear focus on places (particularly urban centers);
- It put people at the centre of development programs;
- It concludes that future economic development opportunities should be channeled into activity corridors and nodes that are adjacent to or link the main growth centers;



Emnambithi/Ladysmith (ELM) Local Municipality is located on the Northern corner of uThukela District Municipality in KwaZulu Natal Province. It is accessed via the N11, and is approximately 20km inland from the N3. Ladysmith is a prominent town within the uThukela District and more people see it as an area of

opportunity. It is a significant economic node on the N3 corridor. According to the KwaZulu Natal Provincial Growth and Development Strategy 90% of the Province's GGP is produced in two identifiable corridors, that is, North South corridor along the coast and the Western inland corridor along the N3 highway. Therefore government investment's focus on ELM extends beyond just provision of infrastructure, but puts this municipality in a strategic position in terms of National Economic Space.

1.2 AT THE PROVINCIAL LEVEL

The State of the Province

State of the Province of KZN has highlighted some of the challenges that we face provincially. This information filters through to the local IDP's. As local municipalities we also explore opportunities identified through Provincial Growth and Development Strategy.

COMMENTS OF THE PRIMER:

IDP2009/10

1. "MUNICIPAL TRANSFORMATION AND INSTITUTION

- It is noted that your IDP does indicate the power and functions for which your municipality is responsible. You are encouraged to also indicate whether you have the capacity to perform your powers and functions effectively and efficiently, particularly in light of high number of vacant posts. You are also encouraged to provide a detailed organisational organogram in your IDP Review, which reflects vacancies and your strategies on how to deal with such vacancies, particularly if it affects your developmental mandate.
- Whilst it is noted that your municipality does have a Workshop Skills Plan in place, you are encouraged to reflect in your IDP whether the Plan responds to the internal capacity problems that you might have. You are also encouraged to prepare a staff retention strategy, particularly since posts that become vacant are difficult to fill, as stated in your management's response to the Auditor-General
- It is encouraged to note that Performance Agreements are in place for Section 57 managers as well as for post level 1 to 6 employees. It is also encouraged to note that KPIs are indicated and aligned with your municipal development objectives, as set out in the IDP Review. However your Organisational Performance Management System (OPMS) also needs to be aligned with your project and budgeting process, and clear targets also needs to be set for each KPI. Progress in this regard, needs to be reflected during the next IDP Review.
- Receipt of the Auditor-General Report is acknowledged, as well as your corrective steps to address the issues raised in the Auditor-General's Report

LOCAL ECONOMIC DEVELOPMENT (LED)

- It is noted that your municipality has prepare an LED Plan, which was adopted in 2004. You are urged to consider a review of the LED Plan, particularly to ensure alignment with national and provincial policies, programmes and strategies, such as the ASGI-SA and PSEDS (which is well summarised in your IDP but not yet fully aligned with your LED). This needs alignment needs to be clearly reflected in your next IDP Review.
- You are congratulated with your well prepared and derived strategies for poverty alleviation, tourism and agriculture development. These strategies need to be translated into projects and needs to be clearly reflected in your implementation plan, in which clear targets, responsibilities, time frames and budgets need be reflected. This needs to be reflected in your next IDP Review.
- It is noted that LED, though the LED structures that are in place, such as your Economic Development Department, the Economic Development Forum and your Economic Development Portfolio Committee, has been well institutionalised in your organisation. You are encouraged to maintain this good effort in ensuring that your municipality is, and remains, geared for LED.
- You are encouraged to ensure that the LED Plan and the proposed projects emanating from the plan are spatially reflected and aligned with your SDF. Further, you are encouraged to pay particular attention to, as also recognised in the IDP Review, the role of the second economy in your municipal area. Whilst opportunities for SMMEs are indicated in your IDP, you need to ensure that specific strategies are in place to ensure that the opportunities are converted to implementation of projects of the ground.

BASIC SERVICE DELIVERY AND INFRASTRUCTURE INVESTMENT

- It is noted that your IDP does not reflect an integrated infrastructure investment plan or programme, which should indicate at least a 3 year programme of prioritised projects linked to budget allocations. This needs to be addressed

in your next IDP Review. Ideally the prioritised projects should also be spatially indicated and its possible strategic impact, from a spatial perspective, needs to be reflected in the next IDP Review.

- Your municipality is urged to give attention to holistic infrastructure development. There is room for improving the alignment of the projects with your development objectives, your budget and OPMS. This needs to be reflected in your next IDP Review.
- It is encouraged to note that you are preparing an Integrated Waste Management Plan for your municipal area. It is important that the plan also focus on waste management options, re-cycling, and economic opportunities associated with waste. It is also important to ensure that the plan contains a clear implementation plan to ensure its roll-out – particularly in your rural areas.
- You are congratulated with your ongoing attempts to interact with government department in the review of your IDP, as well as obtaining MTEFs from these departments.

FINANCIAL VIABILITY AND FINANCIAL MANAGEMENT

- It is noted that your IDP does contain a Financial Plan. However, the plan can be improve upon. This is considered an essential component of an IDP. You are urged to ensure that the Financial Plan provides, inter alia, a summary of the Capital and Operation Budget (which has been included in your Financial Section in the IDP Review), revenue raising strategies (given your high grant dependence), financial management strategies, asset management strategies, debt management and recovery strategies and capital financing strategies.
- It is important that your IDP places greater emphasis on the alignment between your budgeting process, the identified key issues, strategies, development objectives and PMS.

GOOD GOVERNANCE AND COMMUNITY PARTICIPATION

- It is noted that, although no formal public participation strategy seems to be in place, you are deploying a number of mechanisms to ensure that public participation takes place. You are encouraged to formalize your current approach into a strategy (if not in place). Whilst it is evident in your IDP Review that you have involved sector departments, stake holders and the community in the preparation of your IDP, You are urged to provide more detailed feed-back on the implementation and roll-out of your adopted Process Plan in your next IDP Review.
- The commitment of the municipality towards the promotion of people with disabilities, woman and youth as well as gender equity is commended.
- It is also encouraged to note that you have recognised the need to prepare and implement an HIV/Aids Plan. The implementation of the plan, once prepared, will assist to improve the mainstreaming of HIV/Aids in your municipal area.

SPATIAL DEVELOPMENT FRAMEWORK

- It is noted that a Spatial Development Framework (SDF) and a draft LUMS have been developed for your municipal area. You are encouraged to develop a SDF Implementation Plan for the roll-out of the identified project. Further, whilst your SDF has been reviewed in 2008/2009, there is no clear alignment evident in the SDF with the NSDP and PSEDS (even though the NSDP and PSEDS have been summarised in your IDP Review and spatial alignment been indicated). You are also encouraged to incorporate such alignment in your SDF.
- Your proposed spatial initiatives for your municipal area, such as the CBD Plan and the greening campaign, are encouraging to note. You are encouraged to provide feed-back on the roll-out of these projects in your next IDP Review.
- It is noted that, as recognised in your IDP Review, environmental sector plan/s need to be developed and environmental information incorporated into your IDP (and SDF). You are encouraged to source funding of these plans (i.e. SEA / EMP)
- I note with regret that a spatial expression of your Capital Investment Framework was not submitted with your IDP, and this impacted on the assessment as I could not assess the proportion of your municipal budget that is spent on priority corridors and nodes identified in your SDF.

2. OVERALL CREDIBILITY ASSESSMENT OF YOUR IDP.

Your Institutional Development and Good Governance KPAs have received good assessments. It is recommended that you consider the matter of emphasis earnestly with regard to Service Delivery and Infrastructure in particular to ensure an ongoing improvement in your IDP,

3. ADDITION OBSERVATION

In addition to the above, I have started to be familiarised with developments, intricacies and challenges that face municipalities in the arena of Development and Planning. I particularly note the following:

3.1 Sector Department Participation

You will recall that municipalities had generally expressed a concern about the quality of participation of sector department during the development of IDPs. My colleague, MEC Mike Mabuyakhulu, elevated this matter to the attention of KZN Legislature's Portfolio Committees of Finance and Local Government and Traditional Affairs. His submission was complemented by result of sector department participation surveys where each municipality in the sample was requested through a questionnaire process to indicate the level of satisfactory participation by government department in their IDP sessions and meetings. As a result, my predecessor MEC W Mchunu organised a consultative sessions in Durban on 16 July 2009 to further endorse co-operative governance as core in our democratic state.

3.2 Implications of KZN Planning and Development Act 6 of 2008

You are reminded that the KZN Planning and Development Act comes into effect early next year and there are implications with respect to the anticipation role of the municipal IDP to assist in the processing of certain types of Development Applications and with respect to Land Use Management System.

Please be aware that my Department is initiating the process of preparing Provincial Norms of Standard as provided for in Chapter 11 of the Act. To date municipalities in our province have supported formulation of Norms and Standards on the following topics: Urban densification; spatial imperatives for public capital investment; Provincial norms and standards on rural land use; protection and enhancement of the character of KwaZulu-Natal's landscapes; and sustainable energy usage. You are encouraged to participate in this process as it unfolds. Furthermore, you are asked to incorporate the Norms and Standards into your integrated development plan and scheme, as they become available.

In terms of Land Use Management Scheme (LUMS) please note that the Act sets our time frames for adoption of a scheme or schemes for the whole municipal area of jurisdiction. Also in terms of the Act, a municipality must review a scheme within six months after it has adopted an integrated development plan for its elected term.

3.3 Implications of Elections

Your attention is drawn to the fact that your five year tenure in office is drawing to an end and it is requested that the IDP provides the platform to remind your constituents of your Elections manifesto and how the Council has worked towards achieving this through the IDP process. If there have been any deviations it is also important to relay this to your constituents in the spirit of transparency and provide reasons as to why it occurred.

The 2010/2011 IDP will be prepared during the current term of Council for implementation by the incoming Council. This has implications in terms of preparation for 2011 Local Government elections, possible structural and boundary changes in Wards, as well as implementation of the IDP. During the preparation of this IDP, it is imperative that cognisance is given to the above in order to facilitate the effective changeover

As part of enhancing our system of government it was resolved to establish a Planning Ministry and National Planning Commission. It will operate in a context whereby government develops its long term vision and plan. This long term plan must take into account the key challenges facing South Africa and articulate the vision for

4. RECOMMENDATION

In conclusion, let me make the following recommendations pertaining to all our future engagement:

- Your Municipality is advised to compile and publish a public notice in terms of Section 25(4) of the MSA 32 of 2000 announcing that the IDP has finally been adopted as reviewed in case this has not been done. This notice is often required by auditors as they undertake the municipal audit process

- Please proceed with the 2010/11 IDP Review and submit a draft document to my Department by Friday, 26 March 2010. I humbly request that in order to ensure vertical alignment and maximize impact, your next IDP review should take strong cognisance of the following provincial priorities:
 - Rural Development and Agrarian Reform
 - Creating decent work and economic growth
 - Fighting crime and corruption
 - Development of human capability and education
 - Creating healthier and sustainable communities;
 - Nation Building and good government"

KZN Planning and Development Act

"THE PARADIM SHIFT IN THE ORTHODOX OF PLANNING"

Decades and more have gone under the auspices of Apartheid Planning Regulations that stifles development and not investor sensitive. Planners who are supposed to take pro-active roles to lead development in terms of space economy and the likes, were seen to be frustrating and were regarded as stumbling blocks. This new Act which was gazetted in 2008 is anticipated to help town and regional planners to regain investor confidence. It proposes simplistic methods of conducting land use management and/or development control within municipal space. In essence one can safely say that, it complements the modern Spatial Development Frameworks, which lays foundation for land use management, whilst at the same time it complements the developmental state of the IDP. This Council has prepared itself for the implementation of this Act at the beginning of April this year (2010).

1.3 AT THE LOCAL LEVEL

Operational Measures

1.3.1 POWERS AND FUNCTIONS

It is important for us as the municipality to, at all times know the functions that are core and non-core, without compromising an adopted notion of an integrated development planning. This means that functions that are non-core to us are smoothly channelled to the proper departments and/or the District municipality. We do not at any given stage reject the public on the basis that the function is non-core to us. In our efforts to serve the public we are bound and abide by the Principles Of Batho Pele. We believe that the municipality has a responsibility to contribute and facilitate all actions necessary to upgrade the lives of local citizens. Notwithstanding any that has been mentioned above, we are expected in terms of the Constitution of South Africa to perform the following duties to the best of our ability as a Local Municipality. This municipality continuously make efforts to improve on the current short-comings based on the satisfaction level scored by the public in assessing municipal performance. ELM also makes effort to improve on areas on concern identified by other parties such as the Auditor General.

Core Functions		
Schedule 4 Part B	Schedule	5
Part B		
Building Regulations	Cemeteries	
Electricity and Gas Reticulation	Cleansing	
Fire Fighting Services	Municipal	
Roads		
Municipal Planning	Refuse Removal,	
	Dumps	
Stormwater Management systems in built-up areas	Street Lighting	
	Traffic and parking	
Powers and Functions (non-core)		
Non-core Functions		
Schedule 4 Part of B	Schedule 5 Part B	
Air Pollution	Beaches and Amusement Facilities	

Child Care Facilities
Municipal Airports
Municipal Health Services
Municipal public transport
Municipal public works
Pontoons, Ferries, jetties etc
Trading Regulations
Local Tourism

Billboards and the display of
Advertisements in public places
Control of undertakings that sell
Liquor to the public
Facilities for the accommodation,
Care and burial of animals
Fencing and fences
Licensing of dogs
Licensing and control of
Undertakings
Markets
Municipal Abattoirs
Noise Pollution

Non-Core Functions	
Schedule 4 Part B	Schedule 5 Part B
	Pounds
	Public Places
	Street Trading
	Control of public nuisances
	Local Sports Facilities
	Municipal parks and
recreation	
crematoria	Funeral parlours and

In addition to the core functions of the municipality, this Council also undertakes other businesses that are not core. Resources are also allocated to these functions. These non-core functions include namely; Pounds, Public Spaces; Street Trading; Control of public nuisance; Local Sports Facilities; Municipal Parks and Recreation; Crematoria; Licensing of dogs; billboards and the display of advertisements in public places; municipal health services; licensing and control of undertaking; markets; municipal abattoirs; noise pollution; municipal airports.

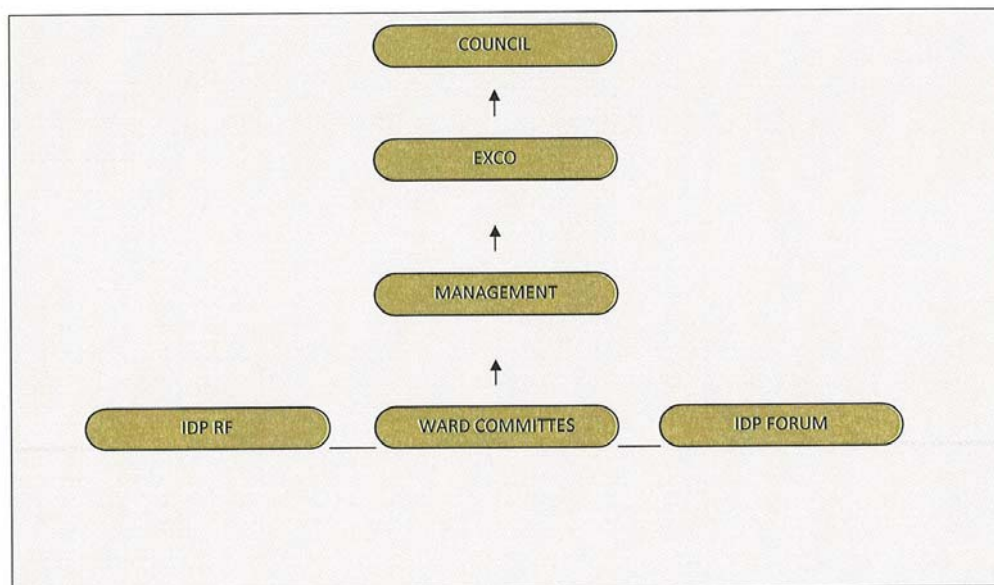
MATRIX TABLE LINKING POWERS AND FUNCTIONS WITH STAFFING

DEPARTMENT	CORE FUNCTION	NUMBER OF STAFF ALLOCATION	PERMANENT	TEMPORARY	COMMENTS
PUBLIC SAFETY	FIRE FIGHTING SERVICES	9 fire men incl. manager of the dept plus 1 vacancy for assistant manager. All within the organogram	6	3	There is a need to fill the assistant manager post.
ECONOMIC DEVELOPMENT	CEMETERIES	18 Employees incl. the Head Of Section	4	14	
	TOWN PLANNING	2 Town planners; 1 Town Planning Assistant; 2 In-service Training Students	3	2 Students	It is imperative to have at least 1 Registered Town Planner to execute PDA
	CLEANSING	75 Employees	35	40	

	REFUSE COLLECTION	55 Employees	40	15	
	ESTABLISHMENT AND MAINTAINANCE OF PARKS	156 Employees	30	126	
ELECTRICITY	Street Lighting	4	4	NIL	We use 6/13 electricians to assists on backlogs and on majors repairs to streetlights
	Electricity and Gas Reticulation	26	39	Approx. 70	Special workmen and their assistants help in electrification projects
ENGINEERING SERVICES	STORMWATER	66 Employees	23	38	
	BUILDING REGULATIONS	6 Employees plus 1 vacancy	7	-	Post of an admin Clerk must be filled to assist with admin work in this section
	BUILDING AND MAINTAINANCE OF ROADS	76 Employees	41	35	

TABLE 3

ELM has shifted from the idea of doing an IDP for the sake of compliance but has rather, adopted an approach whereby all decision making on all business of Council revolves around IDP. This therefore, reaffirms the fact that, our approach in conducting business of Council is applied in a more intelligently and integrated manner. We continuously uphold the fact that the IDP serves as a Strategic Tool that guides us in executing Council matters. Once the IDP has been developed it serves before the following structures prior to implementation.



1.3.2 SWOT ANALYSIS

This Council decided to tackle issues head on and developed an analysis of each Department within the Municipality. This serves as our basis and is measured against the Powers and Functions to evaluate the level of services that we deliver to the community. It also assist municipality to assess comprehensively the speed within which we deliver the services in terms of the Service Charter which we developed during year 2007. However, the following will focus more on the problems currently experienced within each section of the department and solutions have been provided but have not been adopted by Council as either a short or long term plan. Nonetheless, the Turn Around Strategy will focus on projects that Council committees prior and post 2011

DEPARTMENT OF PUBLIC SAFETY

Problem Statement: Disaster Management

- ▶ Disaster Management plans are not updated regularly
- ▶ Risk Assessment plans are not updated regularly

Root of the Problems Identified

- ▶ Control Officer Disaster Management has to also conduct the duties of the Specialist Fire Officer, whose post is vacant since 2000.

Problem Statement: Fire Fighting Services

- ▶ Fire prevention inspection are not done regularly
- ▶ Building plans are delayed
- ▶ The fire tenders and equipment is in an unacceptable state of disrepair
- ▶ The turn-out time to remote areas is not up to standard

Root of the Problem

- ▶ The distance between Ladysmith and the remote areas
- ▶ The fire-fighting machines and equipment is old and not replaced regularly



Problem Statement: Licensing Section

- ▶ Backlog of drivers' license bookings – four month waiting period
- ▶ Backlog of learner's license bookings – four month waiting period
- ▶ Long queues
- ▶ Waiting for certain vehicle transactions up to six weeks
- ▶ No waiting room for learner's license applicants
- ▶ No host to assist the public when they enter the building

The Root of Problems Identified

- ▶ Existing building too small – only five terminals for vehicles and drivers' license transaction
- ▶ Inadequate testing facility
- ▶ Staff shortage
- ▶ Current staff is performing both DLTC and MLB functions
- ▶ No enquiries counter.

Problem Statement: Fleet Management

- ▶ Waiting period for repair of vehicles
- ▶ Waiting period for repair of tyres

Root of the Problems Identified

- ▶ Shortage of staff, mechanics and assistants
- ▶ Outsourcing of repairs to vehicles
- ▶ Driver negligence

Problem Statement: Traffic Management

- ▶ Shortage of staff
- ▶ Poor tarred road surface
- ▶ Inadequate budget
- ▶ No co-operation from Provincial Department of Transport

Root of Problems Identified

- ▶ Staff not budgeted for when Steadville, Ezakheni, Colenso and Van Reenen were incorporated into Emnambithi/Ladysmith. One supervisor and five general workers that conducted road markings in the then Ladysmith continue to mark roads and as such all areas cannot be covered.

Problem Statement: Street Naming

- ▶ Lack of street names in new developments
- ▶ Inadequate budget
- ▶ Damage to street names in Ezakheni & Steadville
- ▶ Shortage of staff

Root of Problems Identified

- ▶ More staff is needed which must be included in the road marking team to perform the dual function of erecting street names.
- ▶ Funds allocated for the financial year for the purchase of street names is inadequate as the budget on the maintenance of street name line item was not increased to accommodate the areas incorporated into Ladysmith.
- ▶ A total of 137 damaged street names in the central business district and suburbs have to be replaced.
- ▶ Street names in Ezakheni and Steadville are purposely damaged or removed. This is evident as in most areas only the street name is removed leaving the road sign to be displayed.
- ▶ Numbering of housing not done systematically in Steadville and Ezakheni.
- ▶ Due to the lack of funds Council cannot comply with new legislation (white background with black letters).

DEPARTMENT OF FINANCE

Strengths: Credit Control and Debt Collection

- ▶ Credit Control to improve collection processes on an ongoing basis, for example the focus on contracts for owners and implementation of supply of electricity via pre-paid systems;
- ▶ Successful write off of debt for services (+/- R27 million and +/- R11 million for arrear indigency);
- ▶ Consumer deposits increased over the years from +/-R4 million to +/-R8 million with the implementation of credit control of arrear debtors (additional increase of R100.00 per disconnection);
- ▶ Handover accounts – debt is handed over to the Legal section for collections at the age of 60 days-significant improvement.
- ▶ Training - The credit control and legal sections have received training on the Debt Collection System (Geo-Reality).
- ▶ ITC credit checks are done to get more information on consumers, including indigent applications. This process has enhanced debt collection.
- ▶ Processing of the benefit to indigent consumers is immediate.
- ▶ Successful interactions with Dept of Public Works resulted in upfront payment of rates for the 2009/10 FY.
- ▶ The Credit Control Section now produces final notices to be posted to the consumers. The Legal Section thereafter prepares final demands and summons in the legal process (registered post)

Weaknesses: Credit Control and Debt Collection

- ▶ The time frames do not comply by all role players. The administrative burden regarding the Indigent and record keeping for arrangements is problematic (filing systems).
- ▶ Deposits are currently charged at R500.00 per household and R300.00 per flat. This needs to be revised, increased and approved by Council.
- ▶ Deceased Estates – this forms +/- 40% of the total debt.
- ▶ Title Deeds and ownership details is problematic.
- ▶ Lack of credible data to speed up collection of debt, especially old debt.
- ▶ Queried accounts are not timeously resolved (notepads not purged).
- ▶ Lack of co-ordination and communication between departments on disconnections and re-connections.
- ▶ Interest is inflating the debt, and creating an unrealistic picture of the debt.
- ▶ The verification process for application indigency is time consuming and an administrative burden.
- ▶ The Dept of Finance is not giving the legal section a file with a full analysis of the handover debt.
- ▶ The Legal section has not identified debt that has prescribed in the legal process, and needs to be written off. This must be done urgently as this will assist in identifying debt that is collectable. This will decrease legal costs as we will be actioning only collectable debt

Opportunities: Credit Control and Debt Collection

- ▶ To develop in house methods for the improvement of collecting outstanding municipal debt, for example, the credit control and in house Legal Section must interface with the new pre-paid vending system.
- ▶ Meetings with ward councillors to improve payment rate in Ezakheni must be revived, and must contribute to debt reduction. Currently, debt in Ezakheni is increasing by approximately R500 000.00 per month.
- ▶ Streamlining of credit control action to reduce bottlenecks.
- ▶ Developing effective systems to allocate indigent funding to the poorest of the poor.

Threats: Credit Control and Debt Collection

- ▶ Not achieving targets regarding the collection rate has a negative impact on the budget, and on service delivery.
- ▶ Incorrect debit raising, for example refuse being charged on vacant land.
- ▶ Electricity is often estimated after a property is disconnected for non payment. This has an impact on the debit raising and performance targets.
- ▶ Consumers submitting false information to qualify for indigency.
- ▶ Huge turnover of staff in the credit control section-no stability and continuity.
- ▶ Workshop on Debt Collection-Workshop on debt collection held with management. Two workshops with Councillors did not materialise.

Strengths: Income Section

- ▶ Implementation of a consumer query list.
- ▶ New service contracts are entered into with owners of properties only
- ▶ Electronic processing of departmental payments and staff deductions.
- ▶ Refund payments processed via ACB;
- ▶ The successful implementation of the Municipal Property Rates Act.
- ▶ The property rates do not prescribe and can be collected through the legal process.
- ▶ All ratepayers were billed accordingly over 11 installments.
- ▶ The successful processing of the supplementary valuation rolls (sv1, sv2, sv3,sv4) increased the rates income of the municipality.
- ▶ Major cleanup of ownership data has been effected and is ongoing.
- ▶ Implementation of new service contracts.
- ▶ Implementation of new journal form including the checklist

Weaknesses: Income Section

- ▶ Ensuring that the valuation data is aligned to Samras in respect of values and categories.
- ▶ Receipt of timeous information in respect of installation of prepaid meters.
- ▶ Resolving of consumer queries needs to improve.
- ▶ Improvement in the turnaround time on the issuing of rates clearance certificates.
- ▶ Too many mistakes are made in the punching and capturing of journals.
- ▶ An incorrect database for owners (estates not registered) and housing allocations to new owners.
- ▶ The Municipality official receipt, new thermal printer to be purchased and programmed (Log 8832 with IT): Outstanding since September 2009. Receipt without an official municipal logo/ letterhead is a concern to consumers.
- ▶ At times, delays are experienced in the updating of cash.
- ▶ Huge absenteeism in this section is problematic: front line staff.
- ▶ Staff do not follow correct procedures although standard operating procedures have been developed.
- ▶ Electronic processing of supplementary valuation calculations and rates clearance applications still not finalised.
- ▶ Interfacing Samras with the Deeds Office to ensure accurate information on owner accounts is still outstanding.
- ▶ Filing: Inadequate filing system, source documents cannot be traced.
- ▶ Disciplinary Action: Process of disciplining staff is slow.
- ▶ Analysis of accounts takes long.
- ▶ Finalisation of the electronic process on SAMRAS needs to be expedited, e.g. issuing of RCC.

Opportunities: Income Section

- ▶ Contour Third Party Vending to be made available at major outlets to be expedited. This will make services accessible to more consumers, and will alleviate queues at municipal offices.
- ▶ Consideration of rates incentives for customers paying rates in advance for the year.
- ▶ Making the pre-paid electricity tariff cheaper than the conventional tariff will be an incentive for consumers to install pre-paid meters.

Strengths: Expenditure Section

- ▶ 90% of Creditors are paid within 30 days from date of statement.
- ▶ 95% of Creditors and direct payments are paid via ACB.
- ▶ Implementation of the self insurance fund has significantly reduced Council's insurance premium.

Weaknesses: Expenditure Section

- ▶ 25% of Creditors deliver the goods to the Department and leave original invoices with the department which leads to misplacement of such invoices.
- ▶ Non Compliance with Supply Chain Management Procedures which leads to suppliers rendering services without official order numbers.
- ▶ Departments do not keep delivery notes for goods delivered, which is problematic when invoices are to be certified.

Opportunities: Expenditure Section

- ▶ Department of Finance has taken a decision to ensure that all suppliers' original tax invoices be posted/delivered directly to our department.
- ▶ Submission of all suppliers original tax invoices by the 5th of every month.
- ▶ Co-operation and communication with all other Departments.

Threats: Expenditure Section

- ▶ The submission of invoices to other departments during the delivery of goods and Services.
- ▶ Creditors putting account on hold for non payment.
- ▶ Interest and penalties are being charged and legal action may be taken against the Municipality (fruitless and wasteful expenditure).

Strengths: Annual Financial Section

- ▶ The Grant payments are done immediately after the MCM's approval unless or otherwise there are some missing documents then payments are delayed.
- ▶ Grants Reconciliation is prepared on a Monthly basis and presented to the relevant committees.
- ▶ Grants queries are also attended and resolved within a maximum of 30days.
- ▶ New stock item numbers has been issued for all stock items.
- ▶ Stock reconciliations is now being prepared monthly.

Weaknesses: Annual Financial Section

- ▶ Pressure from contractors demanding payments before approval is obtained from MCM.
- ▶ Receiving incomplete Invoices from the Departments.
- ▶ Incorrect vote numbers being used when receipting the Grants Payments.
- ▶ Processing of Journal Vouchers after the recon' has been reconciled.
- ▶ Processing of Journal Vouchers without supporting documents.
- ▶ Contractors failing to put all information on invoices, example vat numbers.
- ▶ Stock count has not been conducted in the 2009/2010 financial year.
- ▶ The formula to calculate the unit price of the stock item must be reviewed.
- ▶ The unit price must be market related.
- ▶ Fuel and oil requisitions are not captured daily.
- ▶ Unidentified deposits on the bank reconciliation are problematic.
- ▶ No progress made towards moving to an electronic bank reconciliation system.
- ▶ Lack of communication between sections in the department regarding receipting of direct deposits.
- ▶ Sections and departments do not adhere to the action plan in the timeous completion and submission of AFS (blue light scenario).

Strengths: Asset Management

- ▶ A lot of work has been done to convert the asset register to be GRAP compliant.
- ▶ Bar-coding of assets successfully completed.
- ▶ Funding approved and awarded by Province for the Asset Management Program to be GRAP compliant.
- ▶ Restructuring the asset register to meet the needs of the infrastructure maintenance plans and to be GRAP compliant.
- ▶ Appointment of accounting firm to ensure that all disclosure of assets in terms of GRAP is done correctly and to train all staff to ensure that the costing of assets is correct so that the register will show repairs and maintenance of each asset.
- ▶ Appointing SAMRAS to set all parameters for the asset register to be GRAP compliant on the SAMRAS system.
- ▶ Setting up a land committee to deal with the disposal of all land and to determine the use of all land and municipal houses.
- ▶ Appointment of staff to work with the valuator to check all servitudes under the municipality.
- ▶ Formation of the asset management steering committee to look at the changes in assets in terms of asset management and GRAP.
- ▶ Formation of the asset unit.
- ▶ Training of Staff.

Weaknesses: Asset Management

- ▶ Bar coding of assets to be updated before 30 June 2010.
- ▶ Physical verification and condition assessment of all movable assets before 30 June 2010.
- ▶ Reviewing of all useful life of assets before 30 June 2010.
- ▶ Formation of land register before 30 June 2010.
- ▶ Identifying all servitudes owned by municipality before 30 June 2010.
- ▶ Identifying all impairment assets on infrastructure assets 30 June 2010.
- ▶ Identifying all investment assets and all land held for sale before June 2010.
- ▶ Investment and inventory policy 30 June 2010.
- ▶ Failure to action and use the asset management module on the SAMRAS system.
- ▶ Disposal plans to be actioned before 30 June 2010.
- ▶ Disposal of assets to be actioned by 30 June 2010.
- ▶ Identifying all minor assets e.g. library books and loose tools and formation of the register.
- ▶ Identifying all lease assets and checking all finance leases.
- ▶ Ensuring that all costing of assets its done correctly by all departments in order to show all repairs and maintenance, new assets, spare parts in the register.
- ▶ Reviewing of all procedures for asset count and stock count before 30 June 2010

DEPARTMENT OF COOPERATE SERVICES

Strengths:

- ▶ Adequate capacity exist to do competency based recruitment and selection;
- ▶ Knowledgeable staff available to deal with labour matters;
- ▶ Knowledgeable staff available to do job evaluations;
- ▶ Sufficiently qualified staff to deal with EAP;
- ▶ Skills Development Facilitator appointed and approved Skills Development Plan in place.

Weaknesses:

- ▶ Co-operation from some departments and postponement of short listing and interviews;
- ▶ Everybody tries to be a labour expert.
- ▶ Managers do not subject newly created posts to evaluation
- ▶ No support for the cause;
- ▶ Training department not adequately capacitated;

Opportunities:

- ▶ The right people will be appointed for the right jobs;
- ▶ Sound labour relations;
- ▶ Proper identification of job description and performance enhancement;
- ▶ The avoidance of a sick unproductive workforce;
- ▶ Utilization of external service providers for training programs.

Threats:

- ▶ The danger of other Municipalities poaching staff;
- ▶ Unions may assume to be left out
- ▶ Section may be overloaded by requests from other Municipal;
- ▶ Referrals may be too late and costly to council;
- ▶ Cost to Council may be very high;

DEPARTMENT OF ENGINEERING

Strengths: Building Control

- ▶ The Section Head has more than forty (40) years knowledge in this field.
- ▶ The section is able to improvise with limited resources that is at their disposal.
- ▶ Good organizing Skills with basic equipment.
- ▶ Excellent teamwork + Skills co-ordination.
- ▶ A commitment level of majority of staff is high.
- ▶ Communication with and assisting other departments is common.
- ▶ Able to react and adapt to the changing political and administrative demand made.
- ▶ Academically qualified individuals / expertise.

Weaknesses: Building Control

- ▶ There is a Shortage of skilled staff applying for vacancies. No Building Control Officer.
- ▶ Retention of skilled staff.
- ▶ Most staff that are trained leave the organization for greener pastures.
- ▶ The salary scales does not reflect the current market related remuneration for Scarce Skilled Staff.
- ▶ The appointment of qualified but inexperienced staff.
- ▶ Productivity Levels of staff low.
- ▶ Punctuality of staff.
- ▶ Disruptions, e.g. Union Meetings, ABET Classes, Disciplinary Hearings.
- ▶ Absenteeism of staff.
- ▶ Lack of Discipline of staff.
- ▶ Contractors that are appointed are not experienced and do not have the required knowledge and experience and lack of resources.
- ▶ Filling of Vacant Posts with Job Creation Staff.
- ▶ Misuse of Council's Property, Accidents
- ▶ Support Departments not effective, we have to beg for the staff in the Departments to do their job, when they should be doing what they paid for.
- ▶ Lack of procedures in the various Departments.
- ▶ The Municipality (processes and staff) are not very flexible.
- ▶ Lack of IT software (recording and monitoring backlogs, work undertaken, vehicle tracking).
- ▶ No admin support.
- ▶ Non compliant buildings

Opportunities: Building Control Section

- ▶ Possible implementation of Scarcity Allowance will assist in attracting and retaining skilled staff.
- ▶ Grooming, training and providing training for young unemployed residents.
- ▶ Economic downturn may result in municipalities attracting more skilled personnel.
- ▶ By training of internal staff will result in Upward Mobility and improve Service Delivery.
- ▶ Appointment of more admin, technical and field staff.
- ▶ New developments will increase rates based and result in more money for service delivery.
- ▶ Use of new technology / innovation.

Threats: Building Control Section

- ▶ Experienced staff going on pension.
- ▶ Health related issues, increase AIDS, TB, Alcohol Abuse, Drug Abuse, Stress.
- ▶ Economic Melt Down will result in more residents becoming Indigent.
- ▶ Inability to pay for services.
- ▶ Shrinking of Rates Base.
- ▶ Inability of Contractors to perform.
- ▶ Non compliant construction
- ▶ Loss of revenue.

Strengths: Public Works Section

- ▶ Experienced people in the Roads and Structural Section who have more than thirty (30) years experience individually in their field
- ▶ We are able to improvise with limited resources that we have at our disposal.
- ▶ Excellent team work within the Department.
- ▶ A commitment level of majority of staff is high.
- ▶ Communication with and assisting other departments is ongoing.
- ▶ New plant and equipment have been acquired, however not adequate / enough.
- ▶ Able to understand, react and adapt to the changing political environment.
- ▶ Academically qualified individuals / expertise.
- ▶ Knowledge of the area and environment.
- ▶ Effective communication with public.

Strengths: Public Works Section

- ▶ There is a Shortage of skilled technical staff applying for vacancies.
- ▶ Retention of skilled staff.
- ▶ Most staff that are trained leave the organization for greener pastures.

- ▶ The salary scales does not reflect the current market related remuneration for Scarce Skilled Staff.
- ▶ The appointment of qualified but inexperienced staff.
- ▶ Productivity Levels of staff.
- ▶ Punctuality of staff.
- ▶ Disruptions, e.g. Union Meetings, Training, etc.
- ▶ Absenteeism of staff.
- ▶ Lack of Discipline of staff.
- ▶ No Internal Departmental Stores.
- ▶ Supply Chain Processes is cumbersome (Bid Processes, Orders, etc) and is not working efficiently.
- ▶ Budget constraints restricting service delivery relating to vacancies, materials.
- ▶ Bids are being advertised one (1) to three (3) times before Contracts are awarded.
- ▶ Contractors that are appointed are in-experienced and do not have the required knowledge and expertise and lack of resources.
- ▶ Filling of Vacant Posts with Job Creation Staff.
- ▶ Support Departments not effective, we have to beg for the staff in the Departments to do their job, when they should be doing what they paid for.
- ▶ Lack of procedures in the various Departments.

Opportunities: Public Works Section

- ▶ Possible implementation of Scarcity Allowance will assist in attracting and retaining skilled staff.
- ▶ Providing training for In-Service Training Students / Skills Transfer...
- ▶ Economic downturn may result in municipalities attracting more skilled personnel.
- ▶ Training of internal staff will result in Upward Mobility and improve Service Delivery.
- ▶ Use of Tasked Based, Project Based / Job Creation to acquire skills and ensure basic delivery.
- ▶ Appointment of more admin, technical and field staff.
- ▶ New developments will increase rates based and result in more money for service delivery.
- ▶ Use of new technology / innovation.

Threats: Public Works Section

- ▶ Skilled staff being head hunted.
- ▶ Vacant Posts
- ▶ Health related issues, increase AIDS, TB, Alcohol Abuse, Drug Abuse, Stress,
- ▶ Lack of Productivity, punctuality, commitment.
- ▶ Economic Melt Down will result in more residents becoming Indigent. Non payment of accounts resulting in no funds for service delivery.
- ▶ Shrinking of Rates Base.
- ▶ Political and environmental climate.
- ▶ Skills shortage.
- ▶ Appointment of Section 57 employees.
- ▶ Abuse of resources.
- ▶ Unions.
- ▶ Environmental Legislation.

Strengths: PMU

- ▶ Academically qualified individuals / expertise.
- ▶ Excellent teamwork within the Department.
- ▶ Good organizing skills – enable the Department to improvise and utilize available resources to the maximum.
- ▶ Able to understand the political environment to some extent.

Weaknesses: PMU

- ▶ Supply Chain Processes is cumbersome (Bid Processes, Orders, etc) and is not working efficiently.
- ▶ Budget constraints restricting service delivery relating to vacancies, materials.
- ▶ Bids are being advertised one (1) to three (3) times before suitable Contractor is found.
- ▶ Contractors that are appointed are in-experienced and do not have the required knowledge and expertise and lack of resources.
- ▶ Contractors cannot provide surety.
- ▶ Contractors experience cash flow problem, request cash flow payments early, etc. Demand payments prior to completion of work (cannot wait the 30-day period).

- ▶ Filling of Vacant Posts with Job Creation Staff.

Opportunities: PMU

- ▶ Possible implementation of Scarcity Allowance will assist in attracting and retaining skilled staff.
- ▶ Providing training for In-Service Training Students.
- ▶ Economic downturn may result in municipalities attracting more skilled personnel.
- ▶ Training of internal staff will result in Upward Mobility and improve Service Delivery.

Threats: PMU

- ▶ Not be able to implement MIG Projects prioritised in 2009/2010 because of the ffg:
- ▶ No multi-year budgeting;
- ▶ Planning takes up to two (2) years before a Contractor is on site;
- ▶ Registration of MIG Projects takes up to six (6) months before funding is approved.
- ▶ Twelve (12) months ROD, EIA, DWAF,
- ▶ Four (4) months to advertise and appoint a Contractor
- ▶ Land related issues need to be resolved.
- ▶ Design – three (3) months.
- ▶ Appointment of Consultant takes three (3) months.
- ▶ Health related issues, increase AIDS, TB, Alcohol Abuse, Drug Abuse, Stress,
- ▶ Economic Melt Down will result in more residents becoming Indigent. Non payment of accounts resulting in no funds for service delivery.
- ▶ Shrinking of Rates Base.
- ▶ Financial stability of municipality due to melt down.
- ▶ Economic Melt Down restricting growth.
- ▶ Environmental Legislation.
- ▶ Inadequate planning.

DEPARTMENT OF ELECTRICITY

Strengths:

- ▶ Distribution network is well ring fenced (LV and MV)
- ▶ All data and cables sketches are recorded
- ▶ Schematic electrical drawings ranging from 11kV to 132kv are accessible to electricians
- ▶ Senior and middle managers have sound knowledge on the electrical networks
- ▶ Street-lighting of a high standard and is maintained regularly
- ▶ Digging permits in place with regards to any excavation done within the Municipal area. – reduces power interruption.
- ▶ Good management system – Help desk
- ▶ Completing of faults
- ▶ Completing of street light complaints issued
- ▶ Issuing of job cards
- ▶ Reliable staff that also prepared to assist during major breakdowns.



Weaknesses:

- ▶ Staff Turnover
- ▶ Disrespect from staff towards management
- ▶ Previously uncontrolled overtime
- ▶ Lack of standard procedures

Opportunities:

- ▶ Experience in all fields
- ▶ Rotation of staff
- ▶ In-house promotions
- ▶ Training of students
- ▶ Recruitment apprentices
- ▶ Training needs of staff related to Job
- ▶ Embracing new technologies – smart metering, AMR,
- ▶ Energy Efficient Lighting

Threats:

- Ageing infrastructure
- Lack of resources
- Vandalism of council property.
- Theft of conductors and cables
- Storms – lighting damage to infrastructure –results in power interruptions
- Illegal connections and tampering of electricity meters
- Staff moral low

DEPARTMENT OF GOVERNANCE AND TRANSFORMATION

Strengths: Valuation Section

- IT equipment
- Back up system
- Communication systems
- Office accommodation
- Transportation
- Strategically situated office
- Financial
- Good relationship with various interest groups

Weaknesses: Valuation Section

- IT support
- Inter departmental communication
- Staff training
- Staff upward mobility
- Bad relationship with interest groups

Opportunities: Valuation Section

- Communities
- Officials
- Councillors

Threats: Valuation Section

- Staff morale
- Financial
- Misunderstandings

Strengths: Legal Services

- Appointment of 2 additional prosecutors
- Legal Officer has nine years experience in disciplinary matters

Weaknesses: Legal Services

- Less serious matters must be dealt with at departmental level
- Lack of proper checks and balances in departments is the primary problem
- HODs should investigate thoroughly
- HODs should be informed immediately of misdemeanors and follow it up
- Presiding officers dismiss cases for alleged delays
- No proper legal research and investigation by Presiding Officers – lack of understanding of legal processes and decided cases

Opportunities: Legal Services

- If less serious matters are referred to HODs – HOD can establish if there operational defects
- Departments to have precise Standard Operating Procedures
- Proper investigation to be concluded by HOD to detect weaknesses in system
- Supervisors and line managers should be in control of staff
- Presiding Officers to take case law in respect of delayed cases
- Presiding Officers should review course material
- To have effective discipline in the workplace, each department, section should have clear SOP's

Threats: Legal Services

- ▶ Management need to consider the maxim – prevention is better than the cure
- ▶ Creating a culture of discipline
- ▶ Proper SOP's
- ▶ Internal/Departmental discipline
- ▶ Morale/Team building exercise
- ▶ Developing a sense of ownership by employees

Strengths: Real Estate Section

- ▶ Staff have indepth knowledge and insight into local government matters
- ▶ Wide experience of urban, township and land restitution issues

Weaknesses: Real Estate

SIGNING OF DOCUMENTS

- ▶ Process is long winded and convoluted
- ▶ Information moves from EMGT to Records to Shute Building – item to Management, Asset regulations Committee, Portfolio Committee, Exco and Council
- ▶ MM proceeds to sign off
- ▶ Back to section for covering letter, and then back to Records for posting
- ▶ Turnaround – one month or more

Opportunities: Real Estate

- ▶ Employees need to be given opportunity to package new housing projects
- ▶ Department of Human Settlement has a standard operating procedure, relevant application forms, standard policies, standards and norms, financial progress claim procedures
- ▶ Need to have a dedicated staff member

Threats: Real Estate

- ▶ Interference by Councillors
- ▶ Management unappreciative of the work done by the section
- ▶ Constant criticism by Executive Manager of delays, complacency, non responsiveness and tardiness
- ▶ Criticism by members of the community
- ▶ Low staff morale

Strengths: Administration

- ▶ Good support from Management.
- ▶ Good team spirit within the Department.
- ▶ Post recovered and distributed daily by a dedicated Messenger, supplemented by several departments collecting the post.
- ▶ All letters, periodicals, and journals are distributed within 24 hrs of receipt.
- ▶ All filing completed within a seven day turn-around time.
- ▶ Web based dashboard has been created to inform Councillors of all programmes they are involved in.

Weaknesses: Administration

- ▶ Lack of filing space.
- ▶ Lack of training staff.
- ▶ Lack of information safety.
- ▶ Limited progress has been made with regards to moving away from the old and outdated filing system to the new electronic filing system.
- ▶ Reluctance of IT Section to purchase computers, scanner and relevant software.
- ▶ No budget has been reserved for over-hauling of the Registry Section to comply with the current Legislation.
- ▶ Registry is not centralised its scattered to all the departments of the municipality.

Opportunities: Administration

- ▶ Notwithstanding the fact that Registry has no electronic equipment, some files are being captured electronically using the Microsoft Word and folder format.
- ▶ With the provision of computers to Councillors and sending of agendas and notices electronically, has reduced the turn-around time for sending information to Councillors.

- Existing Rail Infrastructure
- Become a regional Economic Hub for Northern KZN
- Become a regional hub for Sports and Recreation
- Become a regional hub for Logistic Freight

Threats

- High insurance premiums
- Disinvestment
- Loss of income
- Collapse of projects
- Increasing Crime rate
- Land invasion
- Delays in the submission of credible reports.
- Uncooperative employees who do not like to do extra jobs.
- Lack of moral among workers.

Surely the above cannot endlessly remain as challenges, the municipality needs to make means on how to effectively address issues raised above by managers in their SWOT analysis exercise. To a great extent most of the concerns raised will require a lot of financing, which the municipality does not have. It is also important to acknowledge that not all concerns raised will be addressed in a short space of time, however, an initiative needs to be taken at some point. It is a well detailed and monotonous exercise that all managers of various departments undertook in this municipality. It has become generally acceptable that managers often get very busy with planning, and may end compromising daily operations. The staff morale which seems to prevail and dominate in all the challenges that the departments have identified, will have to be boosted if municipality was to encourage its employees to turn things around and make local government more efficient and effective. It has become a trend in this Council to symbolise its token of appreciation towards significant roles that middle and low managers as well as technical staff undertake in their duties. Employees get presented with Mayoral Awards at the end of each calendar year. Compensation varies from monetary, vouchers to certificates. The proposed **MUNICIPAL STRATEGIES** on **Section 3** of this IDP have been drawn from this extensive exercise. All concerns identified in the category of the SWOT were thereafter consolidated to seven commitment, which proposed strategies and projects that needs to be fulfilled in order to achieve our vision, whilst at the very same token TAS proposes tangible projects that will be delivered within short-term planning.

1.3.4 AG FINDINGS

Finance is an engine for existence of this municipality and as such it is regarded as one of our high priority areas, where the municipality strives to collect and allocate financial resources in order to deliver quality basic services to the community at large and also fund community projects that will eventually capacitate community to be self sustaining and not depend on local government. The municipality also strives to ensure that it remains financially sound thereby, accounting for each and every cent of expenditure incurred during that particular financial. Moreover, disclose all the income gained, declaration of gifts for either Councillor or Employees. Through various initiatives that are sound and fair, Council endeavours to increase its competitive advantage on financial matters, whilst it symbolically cuts back on expenditure. This is one of the fundamental developmental issues entrenched in the TAS. One of the major assets of this Council is municipal owned land, which is spread all over the settlements and zoned as Public Open Space. Virtually all the land owned by the municipality is vacant and as such is read in junction with land use management regulations. These land parcels are mainly located within an area called "Ladysmith Town Planning Scheme Area", which is found in urban areas. In terms of the Ladysmith Town Planning Scheme which serves as an urban land management tool all these land parcels, predominantly zoned as Public Open Space have been reviewed through Spatial Development Framework to spatially allocate correctly the future usage. Therefore, this Council is of the opinion that there is no land parcel within our area of jurisdiction that cannot be accounted for, the challenge although is to get investors to develop the land and funding to finance bulk infrastructure. Nonetheless, the Auditor General found some faults with the manner in which Council is handling investment property in line with GRAP Standards and as such the following statement was issued.

"I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Basis for qualified opinion
Property, plant and equipment

8. As described in note 8 to the annual financial statements, property plant and equipment is disclosed at R744 190 624. The municipality applied the Standard of GRAP (GRAP17), Property, plant and equipment prospectively as at 30 June 2009 which is contrary to the requirements of Standards of GRAP which states that with the initial adoption of a standard, a retrospective application is required. The accounting officer believes that it was not possible to obtain a reliable measure of the deemed cost value of assets due to the historical lack of detail of infrastructure asset information. The consequent adjustment to property, plant and equipment, depreciation, accumulated surpluses and accumulated depreciation as well as the resultant impact on the cash flow statement has not been determined. I disagree with the accounting officer that the retrospective application of GRAP 17 could not be applied.

Investment property

9. The municipality must recognise and measure investment property at cost or fair value in accordance with GRAP 16: Investment Property. Included in the fixed asset register is vacant land of R31 294 000. As the purpose or use of the land is undetermined it should have, in accordance with GRAP 16: Investment Property, been recognised as investment property. As a result, investment property and depreciation or fair value reserve are understated by unquantifiable amounts and property, plant and equipment is overstated by R31 294 000.

Accounts receivable

10. As described in note 12 to the financial statements, accounts receivable is disclosed at R20,2 million. Included in accounts receivable is an impairment of R83 269 194. I could not confirm the accuracy of the impairment to accounts receivable due to the absence of a system to properly classify debtors according to their credit risk characteristics. Moreover, no supporting information was available to permit the application of alternate procedures. Consequently, the valuation of the accounts receivable of R20,2 million in the annual financial statements could not be confirmed.

Qualified opinion

11. In my opinion, except for the effects of the matters described in the Basis for qualified opinion paragraphs, the financial statements present fairly, in all material respects, the financial position of the Emnambithi/Ladysmith Municipality as at 30 June 2009 and its financial performance and cash flows for the year then ended, in accordance with the Standards of GRAP and in the manner required by the MFMA.

Emphasis of matter

I draw attention to the following matters on which I do not express a qualified opinion:

Restatement of corresponding figures

12. As disclosed in note 26 to the financial statements, the corresponding figures for 30 June 2008 have been restated as a result of a change in accounting policy and errors discovered during 2008/2009 in the financial statements of the municipality at, and for the year ended, 30 June 2008.

Material losses

13. As disclosed in note 22 to the financial statements, electricity distribution losses totalling 34 million Kwh with a value of R16 082 444 was incurred during the year."

PLEASE REFER TO THE AG REPORT FOR FURTHER DETAIL.

TOWARDS A CLEAN AUDIT REPORT

A Committee has been set up consisting of namely, the Municipal Valuer, Town Planner, Housing Specialist, Land Administrator, Asset Manager to vigorously address the issue of 'Investment Property' which lead and invited the Audit Qualification Report. This committee will look on all technical issues pertaining to investment property and make recommendations to the management team, who will then execute necessary duties. The teams will also look on servitudes of the municipality as part of scope that the AG will focus on in the next round of assessment. Essentially so, a team of Consultants from De Loitte and Touch were appointed at a whopping figure of R2mil solely to deal with issues that may be raised as concerns or qualified by the AG. So far the asset register has been developed by consultants and serve as a base within which the investment inventory emanates. The team will draw up Terms Of Reference as a guide for consultants to further improve the current asset register. The information once packaged and finalised will be submitted as a draft to verify if it meets the requirements of the Auditor General. Matters of Auditor General remain significant to this Council, as they give an indication if Council is still on the right track going forward. By and large Council has done an extensive exercise with the Consultants in preparation of the External Auditors during their visit this year. All the work done is aimed at ensuring that there is clean audit report.

1.3.5 THE EXTERNAL ROLE PLAYERS

Community involvement

Community at large plays a significant role in the development of the IDP. Community is the crux as to why the IDP's are developed in South Africa and Internationally. What has become more challenging as the process of engaging communities unfold, is that communities immediately assume that the Municipality will deliver on all the proposed programmes or projects in that particular financial year. As a result this does not happen and in turn it creates a difficult situation when the next IDP review public participation has to be undertaken. The community becomes less cooperative in the process questioning the motive to participate when none of the programmes they proposed in the last IDP financial year had been done. Therefore, the process shifts from being an IDP public participation to rather an IDP public consultation process on the part of the community. This is a challenge to municipalities given the fact that they have to deliver on their developmental mandates.

In line with the process plan developed for 2010/11 IDP Review, Council widely consulted with the community of ELM. It was discovered that needs of the community have not materially changed. Reception of municipal officials varies from ward to ward since depending on physical development that could be seen by people. Other communities in the past financial year have benefited greatly from others, whilst rural wards mainly still experience slow pace development. Rural areas in this municipality are not neglected albeit development is not in the same speed as other 'privileged wards'. It was this disjuncture that made the municipal manager to come with a refined strategy of rolling and distributing projects across the whole municipal spectrum. In this financial year focus is on vigorous development in rural areas, projects such as Apollo lights, in-fill electrification, repairing and building storm damaged housing have been approved by Council. On the side of planning an integrated Rural Development Strategy has been developed and is at the consultation process. The draft IDP was also advertised on the 6th of April 2010 for public to inspect and comment, of which there were not negative comments received. The Draft budget with IDP project financial allocation was also tabled to Council shortly and was supported. A new trend on the budget has been set by this municipality which include indigency for all the child headed households. Previously this arrangement did not exist, and such a data base for all those child headed households was developed and they currently get tax holiday. During budget consultation this was received very well by the community and seen as a great improvement by Council.

In line with Urban Renewal Strategy identified by this IDP during 2009/10, Council proposed to relax some rate taxes for all businesses in the CBD that proposes to revamp and improve their buildings. There was also little increase in the in general for all businesses in town. It was these initiatives by municipality which made the community to declare our budget as sound and fair.

Sector Departments and Other Stakeholders

Sector Departments are our partners in service delivery which is aimed at making sure that people's lives is improved and sustained. The engagement with these departments is still not what Integrated Planning Desires, due many reasons. One of the constraints is the fact that these departments have an independent government office within which they report their involvement and interaction in the form of projects and/or programmes with the local citizens. It is a given fact that, the IDP process will remain undermined at the local level, as long as there is no integrated planning from the National Cooperative Government. The centralisation of the planning commission in the Office of the Presidency is hoped to bridge this gap between different departments serving under one government. This Council views the process of integration as a trickle-down effect (National-Provincial-Districts-Local). This will ensure that local government is strengthened and given support to integrate all developmental and socio-economic matters of communities. From the process above (Community Involvement), the information is captured in a form of data base detailing which department or municipality is responsible for each request of the community. The information is therefore, taken to respective departments i.e. in business plans so that projects can be funded in their upcoming financial year. Another challenge is that, the sector departments often send representatives that are not part of the decision making, which ends up compromising the purposes. In preparation for this IDP, all departments requested that follow-up IDP meetings be held during April 2010, where they will be in a better position to state projects that have been approved, that which others could have been presented by community during IDP meetings or rose as part of forward planning. This Council also acknowledges the efforts put by other sector departments to be part of delegation in IDP public participation, so that they can respond on issues raised much faster.

Traditional leaders, spotting bodies, NGO's and all other relevant stakeholders were consulted during review process of this IDP. It is still encouraging to this Council to observe the continuous and meaningful role they plan on matters of development.

Deloitte has completed a full identification and verification of all movable assets in the municipality. All assets have been barcoded, and a new asset register compiled in this regard. All municipal property has been identified and categorized according to investment assets, heritage assets and property, plant & equipment. Each municipal property has now a defined purpose attached to it as required by GRAP for disclosure purposes. Procedures have been implemented and workshopped with departments with regard to stock items being kept in each department, to ensure adequate control thereof. A lease register has been compiled in terms of all leases where the municipality is the lessee as well as the lessor. Deloitte is currently ensuring that all aspects relating to GRAP are correctly dealt with in terms of disclosure in the annual financial statements. This is not finalized as yet, but will be done prior to the submission of the annual financial statements to the Auditor-General. Deloitte is also responsible for training that will be conducted after the submission of the annual financial statements, where staff will be adequately trained on GRAP and financial statements.

1.3.6 The Internal Role Players

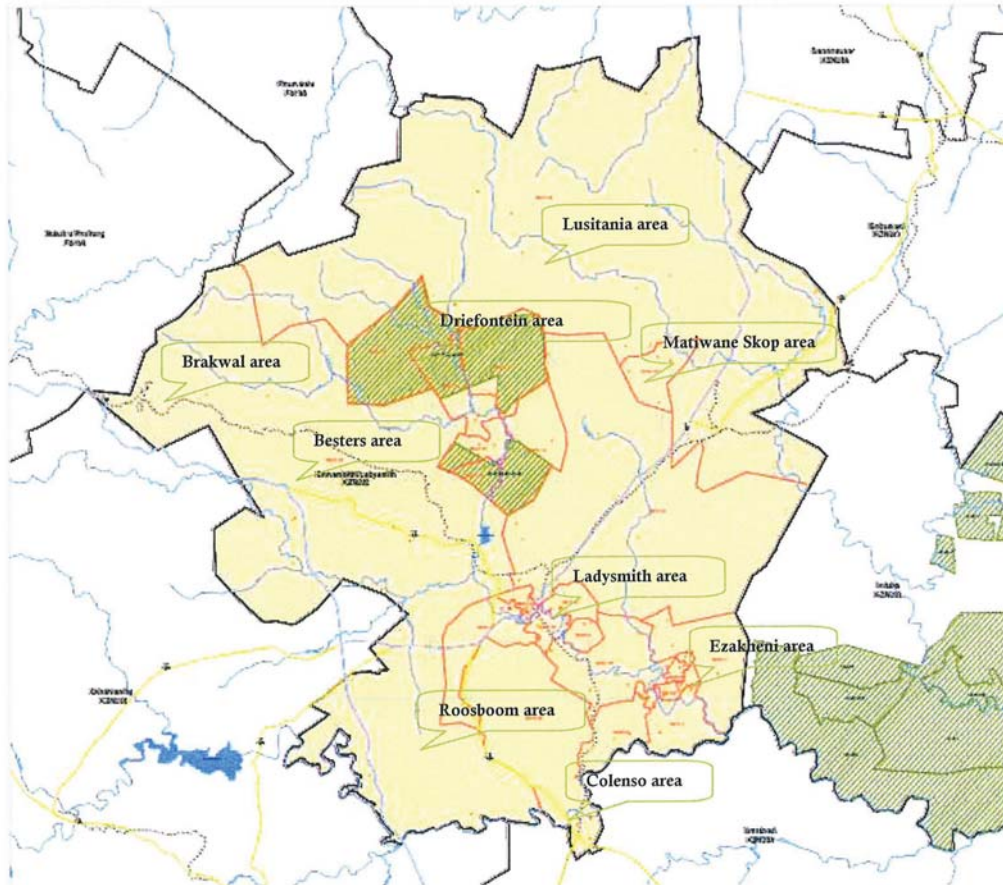
The IDP Technical Structure continues to play an imperative role of ensuring that IDP is the living document of the Municipality. It is this team that critiques every detail of the IDP and recommends meaningful information to be part of the IDP. This team discusses technical aspect of the IDP, scrutinises the feasibility of projects against the community requests, look on possible funding of identified projects and fosters alignment of IDP with relevant national and provincial policies. The ward committees have enhanced development and implementation of the IDP to a large extent. They are the middle voice in between community and municipality. They have emerged very strong on matters of public participation and prominent for the role they play in continuous progress reporting on matters of Council. Ward Committees meet once in a two months period.

THE LOCAL SPACE

Emnambithi/Ladysmith Municipality is laid on a 3000km² of the Regional Space, that being the UThukela District Municipality. It was established as a result of amalgamation of previously KwaZulu administered municipality with Ladysmith Local Municipality. It is located inland and halfway between Johannesburg, Durban and Free State Province and used to be very prominent on the industrial trade aspect when passenger and rail freight was still largely pronounced in South Africa. Approximately 30% of the municipal space is urban whilst 70% is deemed rural with difficulties of servicing in terms of infrastructure. Emnambithi/Ladysmith area resembles and contains elements of typical Kwa-Zulu Natal Landscape, which consist of steep terrains with rocky places that make construction excessively expensive. However, development still takes place within these constrained terrains. Ezakheni and Steadville Townships are the most prominent former Black townships in our area, with Ezakheni consisting of High Order Services such as Police Station, Department of Public Works, Department of Justice, Department of Welfare (Regional Offices) and the likes compared to the Steadville area.



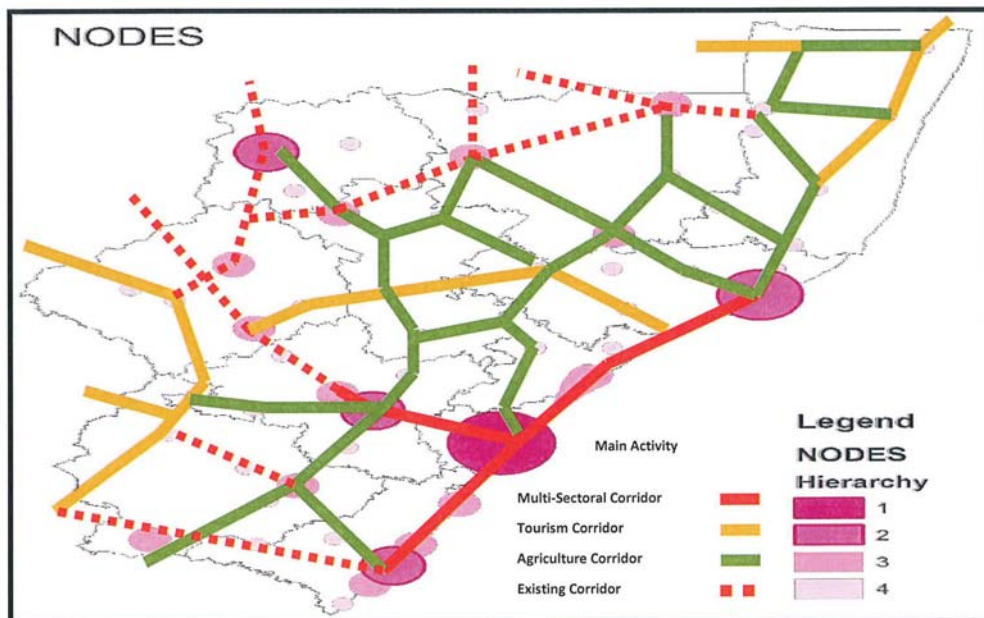
The above map indicates Emnambithi/Ladysmith area within the greater KZN Province, which is located along the Indian Ocean. It further depicts major corridors that traverse the Ladysmith area that have always been identified as opportunities if this Municipality was to attract investors on the industrial aspect and other related fields of trading. Access to transport routes is one of the key elements in functioning of a Region. Running parallel to the North is N11 and also joins N3 which bisects towards the western direction.



PREVAILLING SCENARIO

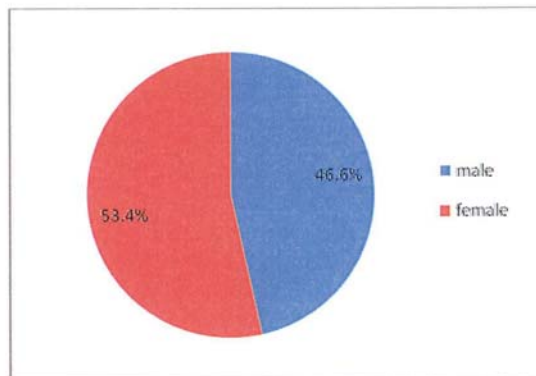
As with the NSDP, PSEDs recognises that social and economic development is not evenly distributed, in part due to disparities in the spatial distribution of natural resources, but also as a result of the unfortunate pre-democratic politico-economic regimes. In South African cities, disparities have been aggravated by apartheid spatial planning, and have resulted in a disjuncture between where the majority of the people live and where social and economic opportunities are concentrated. This spatial marginalization from economic opportunities of the majority of the population needs to be addressed in order to reduce poverty and inequality and ensure shared growth.

The Emnambithi/Ladysmith (ELM) Local Municipality houses the historic town of Ladysmith, the main economic hub of the district and the seat of the district municipality and provincial government district offices. It is identified as a tertiary node in the PSEDs and is located on an existing development corridor of the province

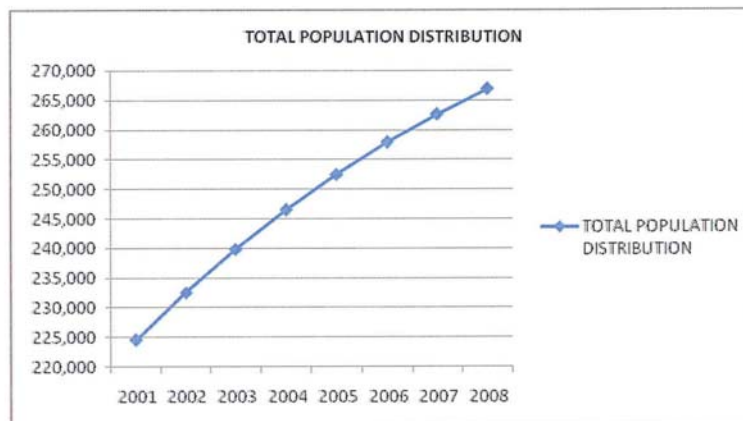


Source: PSEDs

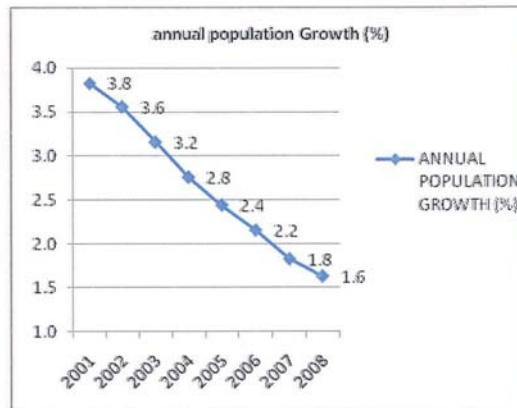
During the launch of Presidential Urban Renewal Programme in 2001 ELM was not part of the first urban renewal pilot projects, but when the PSEDs was formulated and addresses spatial interventions towards economic development within KZN, Ladysmith amongst others such as Newcastle, Msunduzi etc are important secondary nodes of industrial development potential.



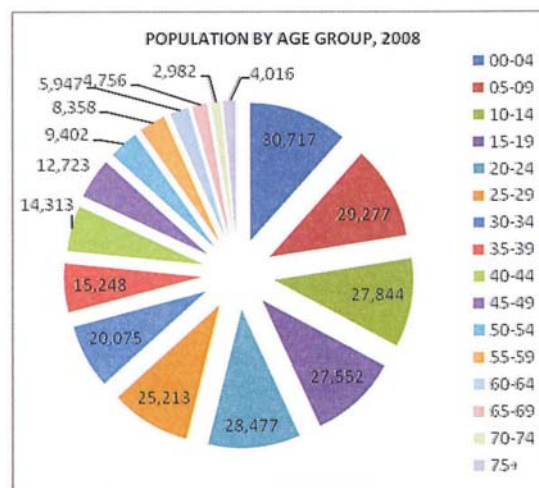
Source: Global Insight: 2009



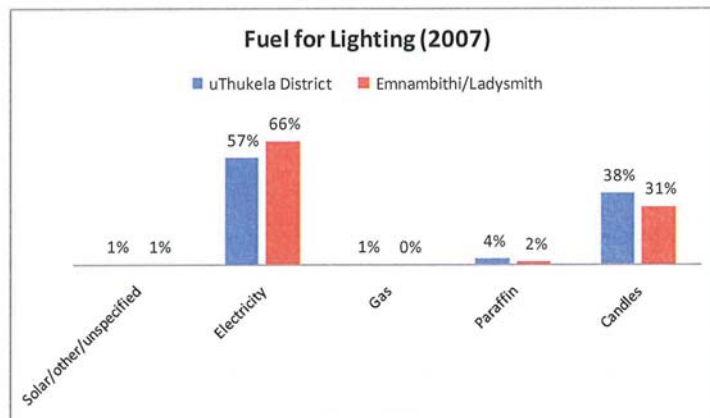
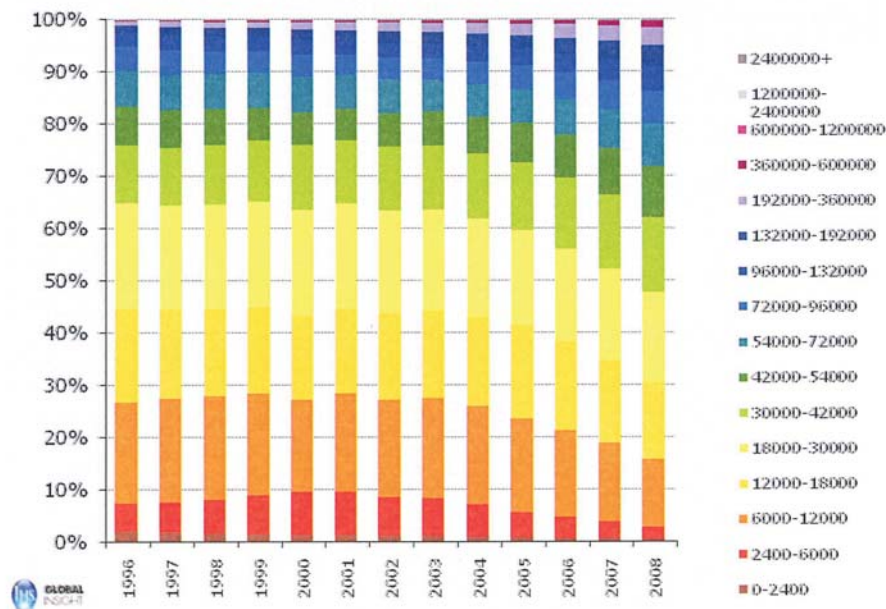
The total population distribution for Emnambithi/Ladysmith Municipality has increased progressively from 2001 (224 543) to 2007 (262 623). The increase in the total population can be attributed to factors such as increased levels of in-migration that exceed out-migration as well as births exceeding deaths



The table on the left depicts the trends in the annual population growth rate for Emnambithi/Ladysmith Municipality for the period 2001-2007. Although the population size for the municipality has been growing steadily, the annual population growth rate (year on year) has been declining since 2001. Therefore the trends depicted in diagram 5 show a steady decline in the rate at which the population has been growing at.



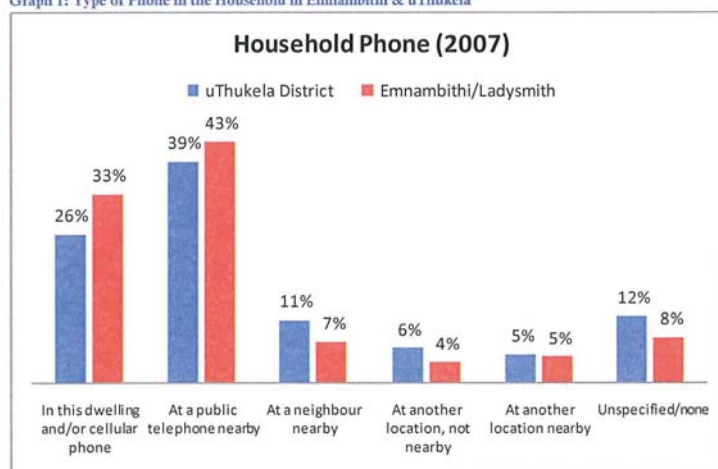
**Number of households by income category
KZN232: Emnambithi-Ladysmith Local Municipality, African**



Source: Quantec Database & Urban-Econ (2010)

In Emnambithi, 66% of households use electricity for lighting while this figure is 57% for the district. 31% of the local municipality use candles for lighting while this figure is 38% for the district. Graph 14 below displays the type of household phone used by the district and local municipal population:

Graph 1: Type of Phone in the Household in Emnambithi & uThukela

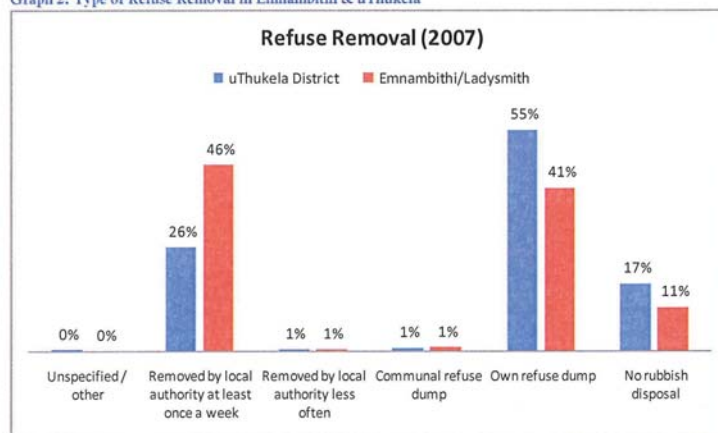


Source: Quantec Database & Urban-Econ (2010)

33% of the local municipality had access to a phone in their dwelling or had a cellular phone while this figure was 26% for the district. 43% and 39% of households had access to a public telephone nearby for the local and district municipalities respectively. 11% of the district household population had access to a phone at a nearby neighbour while this figure was 7% for the local municipality. Only a small percentage of both district and local households had access to a telephone at another location nearby or not nearby.

The graph below displays the distribution for refuse removal in the district and local municipality:

Graph 2: Type of Refuse Removal in Emnambithi & uThukela

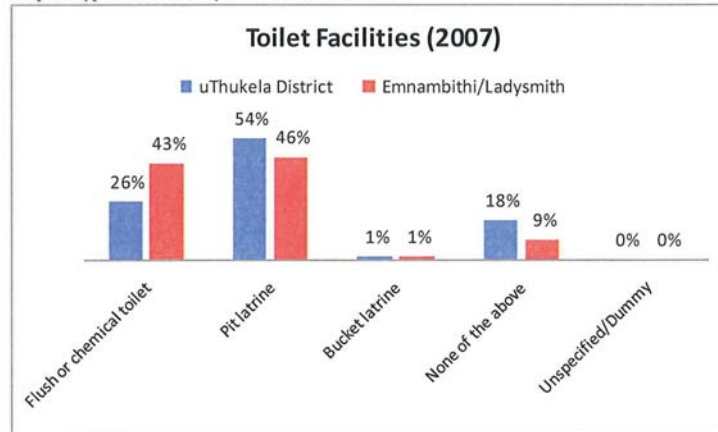


Source: Quantec Database & Urban-Econ (2010)

46% of the local municipality's household population had their refuse removed at least once a week by the municipality, while only 26% of the district's household population had their refuse removed this frequently. 55% of district households dumped their own refuse while this figure was 41% for the Emnambithi/Ladysmith. 17% and 11% of the district and local municipal household populations respectively had no refuse disposal.

The graph below displays the distribution with regards to access to toilet facilities in both the District and Local Municipalities:

Graph 3: Type of Toilet Facility in Emnambithi & uThukela



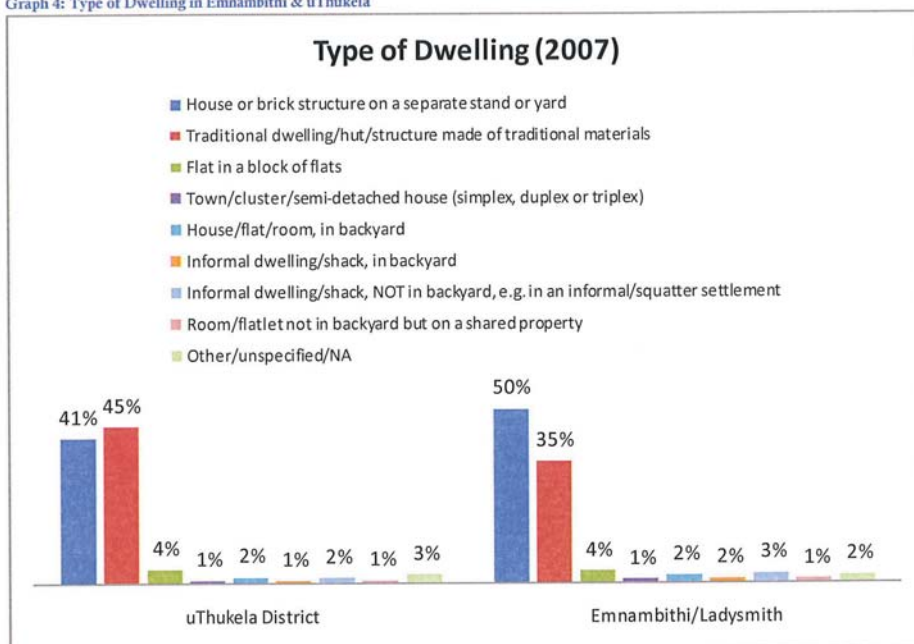
Source: Quantec Database & Urban-Econ (2010)

43% of the local municipality households have a flush or chemical toilet and 46% have a pit latrine facility. Only 26% of the district household population have a flush toilet with 54% have pit latrine facilities. Only 1% of households use buckets for both regions, while 18% of households in the district, and 9% of households in the local municipalities use none of the above mentioned means of ablutions.

The graph below displays the type of dwelling occupied by the uThukela and Emnambithi households in 2007. 41% of the dwellings in uThukela were houses or brick structures on a separate stand or yard, with this same figure for Emnambithi consisting of 50% of households. 45% of the uThukela household population lived in traditional dwellings, huts or dwellings made from traditional materials with only 35% of the Emnambithi households residing in this category of dwelling.

The remainder of the dwelling types only contribute 14% and 15% for uThukela and Emnambithi respectively and consist of flats, townhouses or semi-detached houses, house/flat/room in a backyard, informal dwellings or shacks in a backyard and in an informal settlement, and rooms/flats on a shared property.

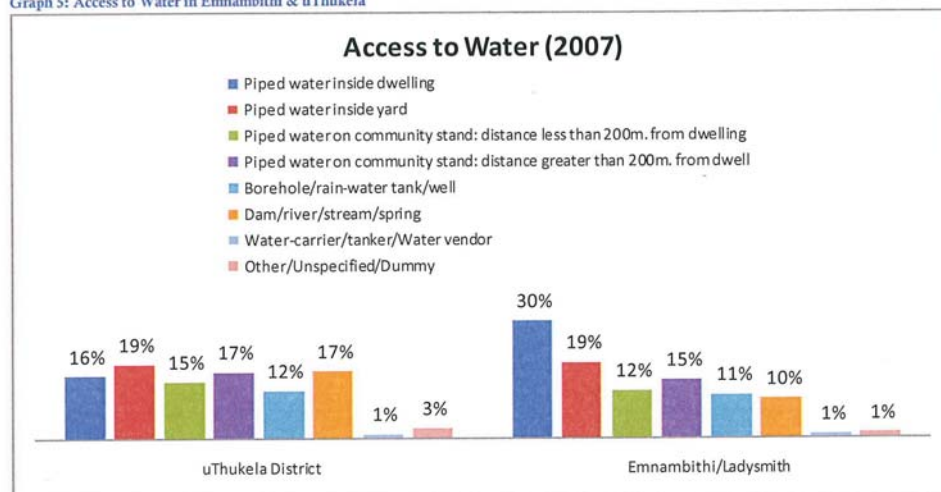
Graph 4: Type of Dwelling in Ennambithi & uThukela

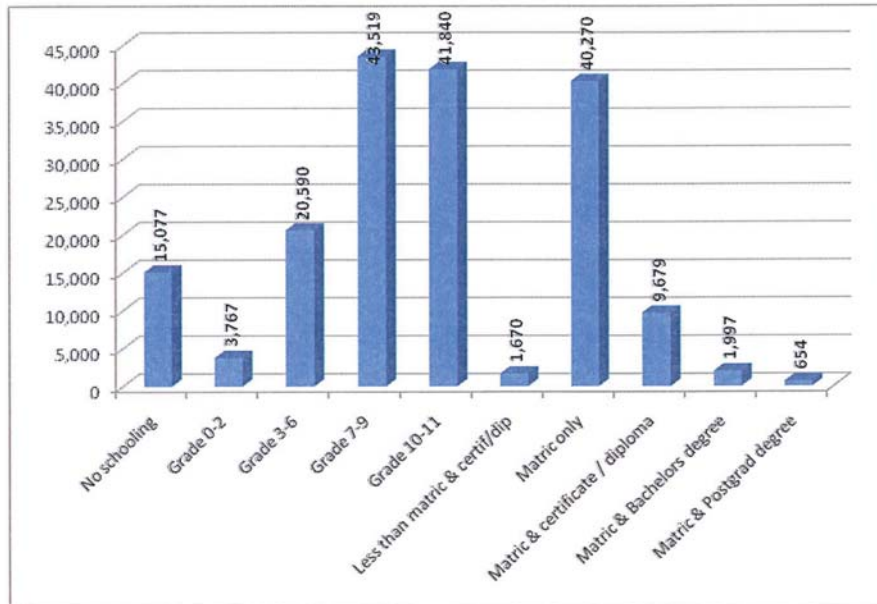


Source: Quantec Database & Urban-Econ (2010)

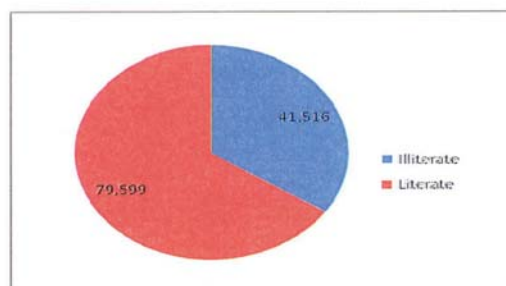
The final graph which relates to the socio-economic characteristics of uThukela and Ennambithi is shown on the following page, and displays the access to water for both the district and local municipalities:

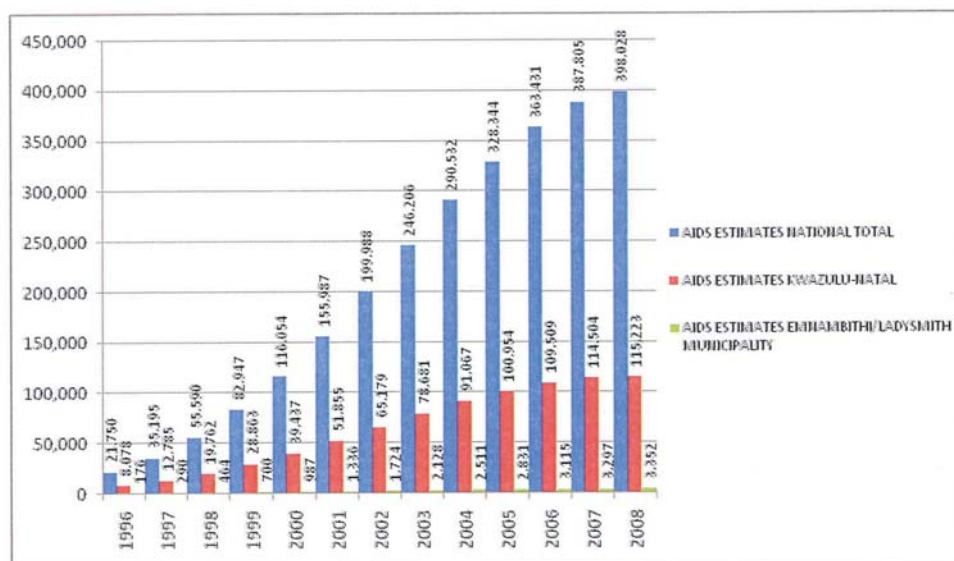
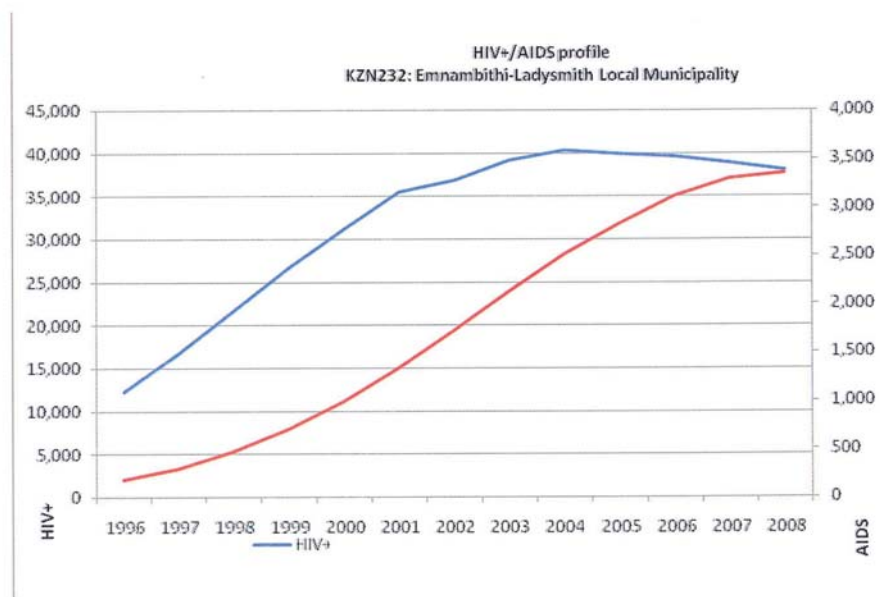
Graph 5: Access to Water in Ennambithi & uThukela





Council endeavours to launch a Local Youth Forum where all the needs of the youth will be forwarded to and addressed effectively depending on the availability of funds. This Forum will be collecting information from all wards and will be accessible to all those that are in needy. Nonetheless, Council engaged in several programmes to assist the youth through the office of the Mayor, i.e. we always identify those students that have excelled in their Grade 12 Studies and offer them awards. Council also sets aside certain portion of its budget to cater for bursaries of students in dire need of education. We always encourage students to focus on the "scars skills" in order to contribute to the skills development of South Africa. These include the field of engineering and built environment.





The graph above depicts estimated trends in HIV/AIDS for the period 1996 to 2007 for Emnambithi/Ladysmith Municipality. The graph clearly indicates an increase in the number of people infected with HIV from 1996 (12

284) to 2004 (40 267). From 2004 to 2007 (38 815) there has been a slight decline in the number of people infected with HIV. The number of people infected with AIDS has increased progressively from 1996 (176) to 2007 (3297).

The trends in HIV+ estimates as a percentage indicate an increase in the number of people that are HIV+ from 1996 (2.2%) up to 2007 (2.9%) provincially. The percentage number of HIV+ estimates has increased steadily from 1996 (34%) to 2007 (39.4%) as a total for the district. Therefore provincially Emnambithi/Ladysmith Municipality has accounted for more HIV+ people for the period 1996 to 2007. Nationally the contribution has remained constant at 0.8% for the period 1996 to 2007.

The percentage contribution in the number of people with AIDS for the period 1996 to 2007 has increased from 2.2% up to 2.9% provincially. Nationally the contribution has remained constant at 0.8% for the period 1996 to 2007.

Water

	Census 2001	Census 2007
Piped water inside dwelling	32.5	40,8
Piped water inside yard	22.4	22,2
From access point outside the yard	25.3	15,4
Borehole	8.3	14,8
Spring	3.5	2,2
Rain-water tank	2.0	0,3
Dam/pool/stagnant water	3.5	0,9
River/stream	.6	2,0
Water vendor	.5	-
Other	1.4	1.4
Total	100.0%	100,0%

Source: Statistics South Africa 2007

ADDRESSING BACKLOG

Water is the function of the DM but there is direct communication between these Municipalities in terms of identified housing projects by ELM and need access to water and sanitation. One will notice from the table and progress made in some of the housing projects that the DM must still come on board to make sure that the growth of the town (EL) is not compromised and residents access what is constitutionally theirs. Several developments that must still take place in a year will also require certain capacity of water and Council expects of the DM to accommodate such endeavours as they are of the benefit to all residents.

One can obviously notice from the table above that there has been reasonably some reduction of at least 8.3% in respect of those that now access water inside their dwelling.

SANITATION:

	Census 2001	Census 2007
Flush toilet (connected to sewerage system)	44.5	45.7
Flush toilet (with septic tank)	.9	9.4
Dry toilet facility	-	10.6
Chemical toilet	2.8	6.4
Pit latrine with ventilation (VIP)	8.7	22.7
Pit latrine without ventilation	33.0	.2
Bucket latrine	.9	-
None	9.1	5.0
Total	100%	100%

Source: Statistics South Africa 2007

Key: Below basic means bucket or other

Basic: Pit latrine

Intermediate/Full: flush toilet or chemical

ADDRESSING BACKLOG

This function is also within the competency of the DM. it is apparent that the process of reticulation and connection of households to the sewage system is yielding very slowly. It has been raised as a concern by the DM that the sewage works has reached its capacity and will be difficult for new development to be connected. It is belied that the plan of DM to attend the concerns raised is underway. It is also noted that it is the National Government approach through Breaking New Grounds to density areas with a view to eliminate urban sprawl which were previously promoted by apartheid planning.

TELEPHONES

	Households
Telephone in dwelling and cell-phone	5179
Telephone in dwelling only	4162
Cell-phone only	10419
At a neighbour nearby	3313
At a public telephone nearby	21908
At another location nearby	2235
At another location; not nearby	2010

No access to a telephone	2656
Total	51881

Source: Statistics South Africa 2007

Below basic: means no access to or within the proximity or unspecified.

Basic means: telephone at neighbour, public phone,

Intermediate means: telephone in dwelling cell phone.

ADDRESSING THE BACKLOG

Council has engaged with several cellular service providers to acquaint Council on the proposed new telecommunications base station and masts so as to enhance the quality of communicating through mobile phones. Mobile phones have been found to be the easiest means of communication in ELM; however, rolling out of Telkom projects for land lines to rural areas is still underway. With the new construction of Cellular Masts and Base Stations by Vodacom and MTN several areas will have better reception including those that were previously disadvantaged.

ELECTRICITY

Within the Municipal area of jurisdiction Eskom and ELM are responsible for electricity provision. ELM being responsible for the urban whilst Eskom is responsible for the rural component. The slow pace in infrastructure provision in the rural areas has led to a municipal programme for free basic alternative energy (Pilot) being provided to 2100 households living in the rural areas earning less than R1 400 per month. Eskom has submitted their spatial plan for electrification with ELM and over and above they are building Ingula Pump Station in Braamhoek estimated at 8 Billion Rand and the economic spin-offs that this development has had already are tremendous. Local Business people particularly those that have B&B are reaping the benefits while the development is at its construction phase. The EL Taxi Association has also seen support through transportation of labour workers from homes to the construction site.

TABLE 27: % distribution of households by type of energy for heating

	Census 2001	Census 2007
Electricity	39.3	35,6
Gas	1.1	0,9
Paraffin	22.9	24,2
Wood	24.7	24,9
Coal	4.8	3,7
Animal dung	3.3	1,7
Solar	.2	-
Other	3.7	9
Total	100,0%	100,0%

Source: Statistics South Africa 200

Below basic: means paraffin, wood, animal dung, gas, and other

Basic means: electricity from other source

Intermediate means: electricity directly supplied by the authority.

% distribution of households by type of energy for lighting

	Census 2001	Census 2007
Electricity	67.6	69.5
Gas	.4	-
Paraffin	1.9	1.9
Candles	29.7	27.9
Solar	.1	-
Other	.3	.6
Total	100,0%	100,0%

Source: Statistics South Africa 2007

REFUSE

Refuse Removal Service is provided to all residing within the urban areas. The challenge is to make provision for residents of rural areas which consists of 13 wards from a total of 25 wards. The Municipality has however completed a study into the alternative means of providing this service to the rural component in an effective manner.

	Census 2001	Census 2007
Removed by local authority at least once a week	52.3	51.2
Removed by local authority less often	.3	3.1
Communal refuse dump	.9	1.2
Own refuse dump	35.7	39.0
No rubbish disposal	10.8	4.6
Other	-	.9
Total	100	100

Source: Statistics South Africa 7

TRANSPORT:

	Persons
Not applicable	115487
On foot	64924
By bicycle	686
By motorcycle	442
By car as a driver	7109
By car as a passenger	8834
By minibus/taxi	20600
By bus	6752
By train	329
Other	301
Total	225464

Source: Statistics South Africa 2001

Transport means are in the form of buses and taxis mainly in EL area, with the townships located at least 20 km from the main economic activities. Most of the transport routes are in poor conditions and require intervention from Council.

ADDRESSING THE BACKLOG

Council has approved R10 million in its 2008/09 budget for construction of tarred Roads with specific reference to Ezakheni in order to construct routes that are accessible to Motor vehicles. Accessible Routes in rural areas are normally provided through MIG programme and these are detailed further on this report on projects. Council is busy with study of profiling all wards in the EL with a view to identify specifically the needs of the community. This study will be looking at the various attributes that have direct impact on the community, namely housing and land, economic development, transport accessibility, access to infrastructure and services. It is envisaged that this study will be finalised before the end of the year and needs and analysis of the community in the next IDP will be based on it.

HOUSING:

	Census 2001	Census 2007
House or brick structure on a separate stand or yard	56.0	59.8
Traditional dwelling/hut/structure made of traditional materials	30.1	29.1
Flat in block of flats	4.1	3.6

Town/cluster/semi-detached house (simplex; duplex; triplex)	1.0	.8
House/flat/room in back yard	2.3	1.5
Informal dwelling/shack NOT in back yard	1.3	1.5
Room/flat let not in back yard but on shared property	3.8	1.8
Caravan or tent	1.3	.1
Private ship/boat	.1	-
Workers' hostel (living quarters is not housing unit)	-	.2
Other	-	.1
TOTAL	100.0	100.0

Source: Statistics South Africa 2007

Priority: Removal of Shacks through the provision of Formal Housing.

The SDF currently being refined will assist in indicating areas for expansion and suitable housing development.